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Richard K. Caputo

U.S. Social Welfare Reform

Policy Transitions from 1981 to the Present

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Policy Transitions from 1981 to the Present

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To Mary
My lovely wife and dearest friend in this journey of life

In Memory

Emily and Salvatore Caputo, My Parents
Arthur Mann, Historian

Preface

This book examines changes in social welfare provisioning for low-income families in the U.S.A. between 1981, the advent of the Ronald Reagan administration, and 2010, the second year of the Barak Obama administration. It is divided into two parts. Chapters 1–6 make up Part I which focuses on changes from the Federal-state open entitlement Aid to Families with Dependent Children (AFDC) program to the time-limited state run Temporary Assistance to Needy Families (TANF) program which Congress authorized with passage of the Personal Responsibility and Work Opportunity Act of 1996. Part I also highlights the development of the Earned Income Tax Credit (EITC) program, enacted in 1975 against the backdrop of failed efforts to nationalize AFDC aimed at providing a basic income to all poor families, but which blossomed with continued bipartisan support throughout the 1990s and early 2000s. In addition to these developments, Part I presents results of research showing the prevalence and patterns of EITC, TANF, and other social program use in two National Longitudinal Survey cohorts (NLSY79 and NLSY97) of EITC-eligible persons and their families. Particular attention is given to predictors of EITC take-up rates in both cohorts. The role of awareness in the EITC take-up rate is examined in the NLSY97 cohort. The main thrust of Part I is to chart developments in job training and education programs linking welfare to work, thereby mainstreaming the able-bodied welfare population into the economy with varying degrees of success.

Chapters 7–10 make up Part II which explores employment and training initiatives in light of heightened income uncertainty associated with an increasingly internationally competitive and financially interdependent or global economy. The main thrust of Part II is to chart the transition from education and job training programs as anti-poverty strategies to workforce development initiatives, thereby mainstreaming working poor persons and their families with middle-income blue and white collar workers. Part II presents results of two outcome studies of job training and education programs, one relying on the NLSY79 to shed light on programs enacted prior to 1990 and the other relying on the NLSY97 to shed light on programs enacted during and after the 1990s. Part II concludes with a discussion of social policy initiatives benefitting low-income working families and related challenges the Obama administration faces as the U.S.A. emerges from the 2007–2009 recession. Particular attention is given to Obama administration's initiatives, such as the American Recovery and Reinvestment Act (ARRA) of 2009, the American Graduation Initiative (AGI), and to alternative social policy prescriptions, such as increasing the minimum wage, implementing living ordinances, and wage subsidies to employers. Part II concludes with a discussion of reconsidering previously rejected policies that would benefit low-income working families, such as family allowances and a guaranteed income.

The book would not have been possible without the encouragement of the series editor Jing Xiao to make this a more substantive contribution to the literature than I had originally proposed. I am deeply indebted to reviewers Alice Butterfield, Luisa Deprez, and Charles Guzzetta each of whom took time from their busy lives to read and comment on several chapters. Their insights were on the mark and suggestions most helpful in revisions to earlier drafts. I also wish to thank Dean Sheldon Gelman who provided the "intellectual space," so to speak, that afforded me sufficient time given my academic and administrative responsibilities. Vicki Fitzsimmons helped with initial copy-editing and indexing, for which I am most grateful. Thanks also go to Jennifer Hadley, Brian Halm, and Rekha Udaiyar who helped me navigate the final editing and formatting processes at Springer. Finally, I am most indebted to my wife Mary whose unwavering support I had from the get-go and to whom this book is dedicated.

New York, NY Richard K. Caputo

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1.1 Overview

This chapter presents an historical overview of social welfare programs aimed at improving the economic well-being of low-income families in the USA prior to the Reagan administration of the 1980s. Section 1.2 focuses primarily on the Aid to Families with Dependent Children (AFDC) program which was enacted in 1935 and underwent several modifications and "reforms" before its replacement by the Temporary Assistance for Needy Families (TANF) program in 1996, a subject of Chap. 3. Background historical markers include: (a) the Social Security Act of 1935 (SSA) which created AFDC; (b) the 1962 Moynihan Report; and (c) the Lyndon Johnson administration's War on Poverty and the related Social Security Amendments of the 1960s.

Section 1.3 discusses failed attempts to nationalize AFDC by linking cash assistance to work, specifically the Richard Nixon administration's proposed Family Assistance Plan (FAP) which aimed to provide a basic income to low-income working families. Section 1.3 also introduces the Earned Income Tax Credit (EITC) program which was enacted in 1975 and became one of the largest public assistance programs during the 1990s, a subject of Chap. 4. Section 1.4 examines the Program for Better Jobs and Income (PBJI) proposal, the Jimmy Carter administration's attempt to reform welfare that stressed public jobs and job training, albeit to no avail.

1.2 Origins and Development of AFDC

This section discusses the origins of the AFDC program with passage of the SSA of 1935 and the War on Poverty during the Lyndon Johnson administration. It highlights some of the more intractable policy issues posed by early attempts to link receipt of cash benefits to work while preserving AFDC which targeted primarily mothers with minimal formal attachments to the labor market.

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1.2.1 The Social Security Act of 1935 and Related Amendments Through the Early 1960s

Approval of the SSA (P.L. 271) on August 14, 1935 launched the US welfare state (Axinn & Stern, 2001; Caputo, 1991). The most innovating programs of SSA were Old Age Insurance (OAI – dependents and survivors were added in the 1939 amendments, creating the OASI Trust Fund) and unemployment insurance (UI; Titles II and III) both financed through payroll taxes and administered by the federal government. Building on state and local government programs for poor persons, SSA also created several means-tested or income-based programs for poor elderly persons, blind persons, and dependent children, with funding shared by federal and state governments. The last of these three means-tested public assistance programs, Title IV of SSA, was called Aid to Dependent Children (ADC), renamed AFDC in the 1960s. As originally established, ADC defined a dependent child as one deprived of parental support, whether by death or by continual absence from the home or physical or mental incapacity of a parent. ADC excluded children from two-parent families and for all practical purposes it was confined to fatherless children (Goldberg & Collins, 2001).

In effect, SSA established two approaches to relieving economic want: (a) contributory social insurance in which entitlement to benefits is based on an earned right linked to past work-related income contributions, and (b) public assistance that is distributed after a demonstrated test of economic need, or means test (Caputo, 1994). Public assistance was conceived of as a transitional measure to be used until the social insurance program matured in adequacy of benefits and extensiveness of coverage. It was designed for those who had no viable connection to the labor market: the aged, blind, and dependent children. SSA had assumed an orderly world consisting of those who worked (primarily men) and those who were unable to work (women, especially mothers, and others who were deemed unable to work due to physical incapacities). Public assistance was a "legal" entitlement in that the federal government promised to provide such matching funds as might be required for states to pay for benefits to all persons eligible under the existing law (Heclo, 2001). In this sense, it was also "open-ended." In theory, however, states could refuse federal funds and operate no ADC or other public assistance program. A more technical meaning of the word entitlement came into use after the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344) used it for classifying different types of federal spending. Like Social Security, funds for the AFDC program, as it was known by then, flowed from the federal government outside the annual appropriation process in Congress and could not be adjusted up or down as part of the budget-making process.

By the end of World War II, elderly persons were the primary recipients of public assistance in the USA. In 1950, a new public assistance program for the permanently and temporarily disabled was added to SSA – the OASI program became the Old Age Survivors and Disability Insurance (OASDI) program. Congress also added payments for the caretakers of dependent children under the ADC program.

These expansions of public assistance met with a backlash. Increased eligibility of elderly persons for OAI led to a decline in recipients for old age assistance. ADC recipients began shifting from widowed families to those of unmarried mothers. During the 1950s and early 1960s, changes to ADC focused on restricting the eligibility of recipients.

As Axinn and Stern (2001) noted, state residency requirements were strictly enforced so that, for example, Black migrants who moved from the South to northern cities were successfully prevented from receiving assistance. To weed out suspected frauds, entire ADC caseloads were closed and all recipients were required to undergo new application investigations, with hope of encouraging attrition. In several states, "suitable home" and "man-in-the-house" policies became the basis for determining that the presence of an unrelated man in the house made a home unsuitable for children and that financial need did not exist. In 1960, for example, the state of Louisiana used the suitable home pretext to close 6,281 cases, involving 23,549 children. Although this practice was halted in 1961, unless suitable living arrangements had been made for the children, midnight raids to uncover men living with ADC mothers continued well into the 1960s. The March 27, 1967 decision of the Supreme Court of California effectively halted the practice, declaring that public assistance workers could not be fired for refusing to participate in an unconstitutional invasion of privacy. Man-in-the-house rules and durational residency requirements were eliminated by *King* vs. *King*, 392 US 309 (1968) and by *Shapiro* vs. *Thompson*, 364 US 618 (1969), respectively.

In the 1960s, the USA rediscovered poverty as a social problem. Despite the relative affluence in the post World War II USA, economist John Kenneth Galbraith attempted to better define the nature and extent of poverty in his 1958 work, *The Affluent Society* (Parker, 2005). Galbraith identified two categories of poverty: case poverty and insular poverty, which he retained in subsequent revised editions (e.g., Galbraith, 1976, pp. 232–241). The former included individuals who were poor because of inadequate education or ill health or substance abuse. The latter arose from structural unemployment and differential employment rates, incorporating entire population groups regardless of individual circumstances, in regions such as Appalachia or large areas of the Deep South. Whether case or insular, the problem was one of employability rather than poverty per se, and as a demand-side economist in the tradition of John Maynard Keynes, Galbraith recommended extensive public services and investment in education, housing, and job training. Between 1958 and 1966, when policy experts developed a rough consensus, related debates revolved around poverty as a cultural or an economic condition. Harrington (1962) and Lewis (1966), both of whose works enjoyed a popular readership, attributed poverty primarily to cultural characteristics; such as, having marginal lifestyles; being lazy, unmotivated, disorganized, or fatalistic, and being intergenerational dependent. Galbraith represented the opposing view. In a speech given before the National Policy Committee on Pockets of Poverty in Washington, DC on December 13, 1963, he reaffirmed his contentions regarding regional conditions, slum environments, employment discrimination on the basis of race, and other structural causal factors leading to poverty, as well as investment remedies to alleviate poverty;

such as, assistance to relocate workers and to new industries; assistance to improve education, training, and retraining; and slum abatement (Galbraith, 1994, p. 181). Both perspectives of poverty were essentially sociological and differed from earlier views based on individual unfitness or moral failings (Rogers-Dillon, 2004).

The John F. Kennedy administration's Public Welfare Amendments of 1962 (P.L. 87-543) was the first major welfare reform effort prior to the Lyndon Baines Johnson administration's declaration of War on Poverty in 1964. These amendments reflected the cultural aspects of poverty. Introducing the bill to Congress in his February 1, 1962 Message on Public Welfare Programs, Kennedy noted that the nature and causes of poverty had changed from "unemployment and economic depression" characteristic of the 1930s; whereas, "Today, in a year of relative prosperity and high employment, we are more concerned about the poverty that persists in the midst of abundance" (Woolley & Peters, n.d. a). Kennedy's Message stressed the need for prevention and rehabilitation, for services instead of relief. Welfare programs were to create economic and social opportunities for the less fortunate, while promoting new skills for economic independence. AFDC-UP, the provision of cash benefits to low-income families with an unemployed parent in the household, was enacted temporarily in 1961, although assistance would be denied if such a parent refused to accept retraining without a good cause. The Public Welfare Amendments of 1962 extended AFDC-UP for 5 years (Axinn & Levin, 1975, p. 244).

Section 1115 of the 1962 Amendments permitted states to use Federal aid to maintain community work and training projects for unemployed people receiving welfare payments, with the understanding in Congress that the work-for-relief for able-bodied persons would be at the prevailing wage, not compete with private industry, and not involve public work programs by welfare departments (Caputo, 1994). These demonstration projects were the first waivers allowing states to test new ideas in welfare policy; albeit, minor ones in this case, while operating under strict federal guidelines (Rogers-Dillon, 2004). As will be shown in subsequent chapters, in the 1980s during the Ronald Reagan administration, demonstration project waivers were used by states as a tool for state-led AFDC relatively minor policy innovations (Chap. 2, Sect. 2.3.1). Also, in the 1990s during the Bill Clinton administration (Chap. 3, Sect. 3.2.1), they were used to bypass federal law altogether by permitting major departures from AFDC; such as, the Wisconsin Works (W-2) program (Boehnen & Corbett, 1996; Corbett, 1996).

1.2.2 The Johnson Administration and America's War on Poverty

Between passage of the Public Welfare Amendments of 1962 and the Social Security Amendments of 1967 which created the Work Incentive Program (WIN), Congress passed a flurry of legislation affecting large segments of the population. Legislation such as the Civil Rights Act of 1964 (P.L. 88-382) and the Economic

Opportunity Act of 1964 (P.L. 88-452), the heart of the Johnson administration's War on Poverty, were complemented in 1965 with passage of Medicare (P.L. 89-97), which provided medical and hospital care to elderly persons, and Medicaid (P.L. 89-97), which provided health care for poor persons (Caputo, 1994, 1999). President Johnson had duly noted that about one fifth of the US population, about 35 million people, lived below a minimum standard of decency, a per capita income of $520 in 1962 vis-à-vis $1,900 per capita for the Nation as a whole. President Johnson's Council of Economic Advisors noted differentiating socioeconomic characteristics by (a) age, (b) education, (c) sex, and (d) labor status of household heads, in addition to (e) "color of family," (f) number of earners, (g) of children under 18, (h) regional location, and (i) residence. Notably absent was any mention of marital status (Economic Report of the President, 1964). That changed, however, in March 1965 when Assistant Labor Secretary Daniel Patrick Moynihan issued an explosive report on the Black family that, in effect, refocused the nation's attention in regard to the meaning of poverty (U.S. Department of Labor, 1965a).

The Moynihan Report, as it came to be called, amassed "*a considerable body of evidence to support the conclusion that Negro social structure, in particular the Negro family … is in the deepest trouble*" (italics in original, U.S. Department of Labor, 1965b). The report continued, "… **the family structure of lower class Negroes is highly unstable, and in many urban centers is approaching complete breakdown**" (bold in original, U.S. Department of Labor, 1965c). Jencks (1965) summed up the girding assumption of the report, namely that "… social pathology is caused less by basic defects in the social system than by defects in particular individuals and groups which prevent their adjusting to the system. The prescription is therefore to change the deviants, not the system." In most discussions, as Caputo (1994, p. 341) noted, poverty appeared as an urban problem that most seriously affected African Americans. The report's statistics on the disproportionate increase of Black female-headed households; on marriages, divorces, and separations; and illegitimate births were illustrative. The report asserted that the breakdown of Black family life led to a "startling" increase in welfare dependency, a "tangle of pathology" which had "begun to feed upon itself" (U.S. Department of Labor, 1965d).

As noted in Chap. 5 of the Moynihan Report (U.S. Department of Labor, 1965e), for most of the postwar period Black male

> unemployment and the number of new AFDC cases rose and fell together as if connected by a chain from 1948 to 1962. The correlation between the two series of data was an astonishing .91…. In 1960, however, for the first time, unemployment declined, but the number of new AFDC cases rose. In 1963 this happened a second time. In 1964 a third.

Although the report offered no specific remedies, strengthening the Black family meant boosting the Black male as provider and breadwinner, and Moynihan suggested to President Johnson that more jobs were needed to be created for men, even if it meant displacing some women (Caputo, 1994, p. 255).

In his commencement address at the historically Black Howard University on June 4, 1965, President Johnson roughly followed the format of the Moynihan

Report, affirming the shift in concern from poverty in general to Black poverty in particular (Woolley & Peters, n.d. b.). After claiming that "freedom is not enough," espousing equality of rights, and noting advances among middle class Blacks, President Johnson noted that inner city "Negroes were trapped"; that a "most important" cause of Black poverty was "the breakdown of the Negro family structure."

By linking Black family breakdown in large part to the plight of Black males, especially their unemployment rate, the Employment Opportunity Act of 1964 (P.L. 88-452) (EOA), the heart of the Johnson administration's War on Poverty, maintained a consistent philosophy regarding women; namely, that men should earn money and women should care for men and children and that for all practical purposes kept AFDC intact (Zelman, 1982, pp. 73–77). The major provisions of the EOA had nothing to do with the AFDC program. Instead, EOA focused, as its name indicated, on creating employment opportunities, not necessarily outcomes or results. EOA gave a high priority to youth by recommending creation of a Job Corps, a Work-Training Program, and a Work-Study Program. These were developed in part through state and local governments and nonprofit agencies. It created a plethora of Community Action Programs (CAPs) and related agencies, public and private, to mobilize against local area poverty in part by developing and operating with the maximum feasible participation of residents in the community. EOA also called for the recruitment and training of skilled volunteers in the war against poverty – a domestic peace corps called Volunteers in Service to America (VISTA). Through loans and guarantees, it provided incentives to those willing to employ the unemployed. Finally, EOA created in the Executive Office of the President, the Office of Economic Opportunity (OEO) to oversee its implementation (Caputo, 1994).

In 1964, the War on Poverty elevated poverty to a national concern. Paradoxically, however, it rested on principles and mandated programs that in effect excluded many poor persons, especially women with young children, the main recipients of the AFDC program. Although the overall poverty rates declined, the number of AFDC recipients and the percentage of children in poverty increased. In 1960, 22.2% of the population lived in poverty. At the start of the War on Poverty in 1964, 19.0% of the population did. The proportion of the population in poverty steadily declined throughout the remainder of the decade so that by 1971 12.5% of the population lived in poverty (U.S. Census Bureau, 2008a). The average number of monthly recipients of AFDC in 1960 was roughly three million, up from about one million in 1940 and two million in 1950. By 1970, the AFDC clientele increased to 8.5 million and to over 10 million in 1971. At any given time between 1960 and 1971 children comprised about 75% of total recipients (author's calculation from caseload data, U.S. Department of Health and Human Services, 2008). The proportion of children living in poor female-headed households nearly doubled from 23.7% in 1960 to 46.9% in 1971, a 97.9% change, outpacing the change in the proportion of children in all female-headed households, 9.2% in 1960 to 13.3% in 1971, a 44.5% change (author's calculation from archival data U.S. Census Bureau, 2008b).

The increasing numbers of AFDC recipients and related costs throughout the 1960s created controversy, augmented in part by the changing composition of program participants and by activists; such as, Richard Cloward and Frances Fox Piven who participated in mobilizing a welfare rights' or poor people's movement (Cloward & Piven, 1966). By 1957, for the first time, more people received AFDC than received any other category of public cash assistance. Instead of serving widows, AFDC served mainly families headed by divorced or deserted mothers, for whom survivors' benefits of Social Security were irrelevant. At that time, there was little controversy, given the idea that mothers should work had not yet surfaced. By 1961, the first major assault on the orderly work-world assumption embedded in the SSA of 1935 came with the AFDC for unemployed persons (AFDC-UP) program, a temporary voluntary measure to aid the long-term unemployed. SSA was originally designed to assist only those unable to work and forbade work requirements to obtain assistance. At the time, nearly 250 localities under state and local legislation required able-bodied unemployed persons to work on public projects to earn their assistance payments. When AFDC-UP was launched in 1961, extending cash relief to families of the able-bodied unemployed, the Federal requirement automatically applied if Federal aid were accepted for this purpose. Affected communities; such as, the town of Newburgh, New York, recoiled, cracking down on welfare fraud, investigating home environments of welfare applicants, and seeking to remove welfare recipients who had additional out-of-wedlock children from the rolls. Welfare reform was subjected to national debate, with the aim of restricting welfare to the truly needy while limiting the generosity of the grants. The Public Welfare Amendments of 1962 extended AFDC-UP for five more years with the effect of contributing to the overall increase of welfare recipients throughout the decade. In 1961, there were on average 159,671 AFDC-UP recipients, of whom 125,918 (78.8%) were children. At the start of the War on Poverty in 1964, there were 378,129 AFDC-UP recipients in any given month, an increase of 200%, of whom 252,740 (66.8%) were children. By 1971, the number of AFDC-UP average monthly recipients had nearly doubled to 726,566, a 92.1% increase, of whom 443,586 (61.1%) were children (author's calculations from caseload data, U.S. Department of Health and Human Services, 2008).

With the failure of the 1962 amendments to diminish the AFDC caseload, in 1967 Congress abandoned the rehabilitative casework approach to welfare and moved toward training nonworking AFDC parents to meet the needs of potential employers (Ginzberg, Lampman, & Levitan, 1973). The goal of work for AFDC family heads became more explicit. Money payments were severed from services provided by professional social workers, ending the service approach to public assistance (Axinn & Levin, 1975). The War on Poverty had made acceptable the idea that poor persons would benefit by becoming self-sufficient and had a right to do so. Job training and related services offered by the OEO were deemed appropriate for welfare recipients. Title V of EOA, dubbed Family Unity Through Jobs by presidential assistant Sargent Shriver, was the development of short-term training and retraining courses leading to the transfer of trainees from relief rolls to jobs. Its concern was for unemployed parents receiving assistance through the AFDC-UP program (Axinn & Levin, 1975).

By 1967, as far as Congress was concerned, public assistance services were to be concrete and work-related. Personal competence, the aim of the 1962 amendments, morphed into skills competence which was to lead more directly to work. The major vehicle for implementing AFDC-related work and training created by Social Security Amendments of 1967 (P.L. 90-248) was the WIN. WIN was the first major Federal work program for AFDC and it remained the only work requirement program until October 1, 1990 when provisions of the Family Support Act of 1988 (P.L. 100-485) (FSA; P.L. 100-485) went into effect (Caputo, 1994; Handler, 1987–1988). WIN mandated that AFDC fathers and children 16 years of age or older who were neither in school nor working register for the program, with a threat of being dropped from the welfare rolls if they declined to participate without good cause. Registration was voluntary for AFDC mothers. Good cause was left to the discretion of welfare officials. Work incentives included promises of training and employment services, increased funding for day care, and the encouragement of mothers of school-age children to volunteer for WIN and receive training and other support services (Handler & Hasenfeld, 1991). Other incentives included a mandated reduction of the 100% tax on earnings – working recipients were permitted to retain the first $30 and subsequent one third of earnings before a reduction in their grants (Axinn & Levin, 1975).

WIN had a spotty history, and by the end of the 1960s the National Welfare Rights Organization (NWRO), which helped mobilize poor women, called on Congress to end the program (House Ways and Means Committee, 1969, as cited in Mink & Solinger, 2003, pp. 320–321). Through 1971, 2.1 million assessments were made, of which only 24% were deemed appropriate for referral. From this pool, only 118,000 were actually enrolled in WIN and of those leaving the program only 20% held a job for at least 3 months. The median wage for employed WIN women was approximately $2.00 per hour, about 25% higher than the minimum wage of $1.60 in 1971. The WIN program obtained jobs for only 2–3% of eligible AFDC recipients, and its budget was $150 million in 1970 when there were 2.5 million families on AFDC and total expenditures were over $4 billion (Handler & Hasenfeld, 1991). The Talmadge Amendments of 1971 (P.L. 92-223), called WIN II, fared little better. Mothers with children above the age of 6 years were placed in the able-bodied category, and all employable AFDC recipients were to be referred to the Local Board of Employment Services.

WIN II, however, was subject to creaming, that is, of selecting the most motivated and job-ready recipients. In fiscal 1972, for example, about half the enrollees were males, even though only about 6% of welfare families were headed by an employable but unemployed father. Whites comprised about two thirds of enrollees but half of welfare families. Educational attainment was higher among enrollees; two of every five were high school graduates vis-à-vis one of four welfare adults. On the whole, enrollees included the most employable welfare recipients – less subject to racial discrimination, more educated, and with more easily remediable problems in arranging child care and other supportive services (Levitan & Marwick, 1973). Although the WIN budget increased to over $300 million in 1974, it was insufficient to handle new registrants which exceeded one million. An average of

$250 was spent per recipient. Only 40% of AFDC recipients were required to register, and only half of those who registered were selected to participate in any activity. The remainder was placed on hold due to lack of resources or jobs. Of those who participated, about one fourth were placed in jobs, with 70% of these indicating that they obtained jobs on their own. One third of those obtaining employment were paid below the minimum wage (Handler, 1987–1988).

1.3 Nationalizing Welfare by Linking Public Cash Assistance to Work

This section discusses attempts to nationalize the AFDC program during the Nixon administration. Several forms of guaranteed annual income (GAI) schemes are examined. The Nixon administration's FAP is discussed. This section also highlights legislation in the aftermath of the failed attempt to nationalize AFDC, legislation that created the Supplemental Security Income (SSI) program, designed to remove from the AFDC caseloads those who were not expected to have labor force attachments, and enhancements to the WIN program. This section concludes with the creation of the EITC program, initially designed to encourage low-wage workers with children to remain attached to the labor force.

1.3.1 Guaranteed Annual Income Schemes

The 1960s also entertained the notion of a GAI, most prominently in the USA in the form of negative income tax (NIT) proposals and related experiments (Handler & Hasenfeld, 1991; Steensland, 2008; Wogaman, 1968) and a second category known as social dividend plans. In a *New Yorker* review essay of Michael Harrington's *The Other America*, MacDonald (1963) contended that some form of GAI policy was the solution to poverty and called for income security as a basic right of citizenship. At that time, the GAI idea was not new to the US experience. Variations were promoted intermittently by the likes of Thomas Paine's 1779 *Agrarian Justice*, Cornelius Blatchley's 1829 *Causes of Popular Poverty*, Thomas Skidmore's 1829 *The Rights of Man to Property*, and Orestes Brownson's 1840 *Brownson's Defense* (Caputo, 2006). Although mentioned briefly earlier in the twentieth century (e.g., Stigler, 1946), the idea of a guaranteed income in general and the NIT in particular generated little political traction until the 1960s when economists Milton Friedman (1962) recommended and Robert Lampman (1965, 1969) advocated for the NIT as the means of alleviating poverty (Moffitt, 2004). Others noting and commenting on merits of GAI and NIT included the well-known scholar Robert Theobald (1963, 1966) who advocated for a flat income tax grant for all citizens, the Kennedy administration Council of Economic Advisors member James Tobin (1965; Tobin, Pechman, & Mieszkowski, 1967; also see Hildebrand, Johnson, & Liggett, 1965), political scientist Frank Breul (1963), and psychoanalyst Eric Fromm (1965).

The idea of a citizen's right to an adequate income was included in a report entitled, "The Triple Revolution," produced by a group of well-known scholars and writers; such as, Harrington, Theobald, and Tobin among others collectively known as the Ad Hoc Committee on the Triple Revolution (1964). Copies were sent to President Johnson, the Minority and Majority leaders of House and Senate of the US Congress, and the Secretary of Labor. After discussing shortcomings of public assistance, the 1966 report of the Council of Economic Advisors noted "the institution of uniformly determined payments to families based only on the amount by which their incomes fall short of minimum subsistence levels" would be a viable alternative approach already under scrutiny "by many scholars" (Economic Report of the President, 1966, p. 115). Some 1,300 economists at approximately 150 institutions signed a petition to Congress in 1968 urging adoption of a "national system of income guarantees and supplements" (Economists Urge Assured Income, 1968; Kershaw, 1970, p. 111, *n* 22; quotes in original). At the Arden House Conference, a group of national business leaders convened at the request of New York Governor Nelson Rockefeller also endorsed the NIT as a means of alleviating poverty by reaching some 22 million persons ineligible for public assistance. This was reported and editorialized in the *New York Times* (Replacement for Welfare, 1968; Sibley, 1968). At the conference, Milton Friedman addressed the group in support of the NIT while Daniel Patrick Moynihan, who was to play a large role in the Nixon administration's FAP, presented the case for family allowances (Moynihan, 1973). The President's Commission on Income Maintenance Programs (1969) recommended adoption of NIT in its final report. Family allowances, payments based on the number of children in a family regardless of income, competed with the NIT as a form of guaranteed income. Both types of guaranteed income schemes, the NIT favored by economists and family allowances favored by social workers and sociologists (e.g., Gans, 1968, 1971; Schorr, 1966) were discussed within the Johnson administration, although neither was adopted (Steensland, 2008; Wogaman, 1968).

Poverty as a national concern in the 1960s was combined with the development of rational approaches to government policy formation. Typical of such an approach was the US Department of Defense's Program Planning Budgeting System (PPBS). OEO planners in the Johnson administration adopted PPBS and thereby paved the way for a series of NIT experiments in part to estimate program costs (Kershaw, 1970; Neumann, 1979). Steensland (2008, p. 63) contended, that despite the use of technically evaluative means, adoption of PPBS nonetheless entailed prescribing policy analysts' ends, in part because NIT was more amendable to the measurement and comparisons than were family allowances' objectives; such as, improving child well-being and mitigating social divisions by race and class. Several NIT experiments were launched in the 1960s and early 1970s, the most prominent among them being the New Jersey-Pennsylvania Negative Tax Experiment (Cogan, 1983; Garfinkel, 1974; Neumann, 1979) and the Seattle-Denver Income Maintenance Experiment (SIME-DIME) (Spiegelman & Yaeger, 1980), with related experiments in Gary, Indiana (Moffitt, 1979). These experiments per se, however, had little impact on the welfare reform efforts of the Richard Nixon administration, known as the FAP, proposed in 1969 and again in 1972. Their results were published primarily in various issues of the *Journal of Human Resources* throughout the 1970s and most extensively with the SIME-DIME results in the autumn 1980 issue. The NIT experiments' impact was highly influential in welfare reform debates during the Jimmy Carter administration at the end of the 1970s (Steiner, 1981, pp. 104–110) and the Ronald Reagan administration throughout the 1980s (Murray, 1984), culminating in 1988 with the passage of the Family Support Act (Caputo, 1989, 2008). Suffice it to say at this point that in addition to costs, a main driving concern of political feasibility during the Nixon and Carter administrations was the effects of such programs on work effort, especially on the working poor males who were outside the framework of the existing welfare system (Spiegelman & Yaeger, 1980), but who were nonetheless able to benefit from the spillover effects welfare rights legitimizing rationale (Reich, 1964) and advocacy efforts (Cloward & Piven, 1966; Steensland, 2008).

1.3.2 The Nixon Administration's Family Assistance Plan

When Richard M. Nixon informed the nation on August 8, 1969 about his FAP, it was one of several different income guarantee-like schemes that varied by coverage, cost, and portended consequences among other characteristics. As summarized by Cavala and Wildavsky (1970, pp. 352–354), the series of proposals embodied at least the following four characteristics: (a) assistance was to be made on the basis of need alone; (b) need and entitlement to public assistance would be objectively and uniformly measured throughout the nation in terms of the size and composition of the family unit, its income, and other economic resources; (c) assistance should be paid in cash not in kind and should be given free disposition by the recipient, not earmarked for particular uses; and (d) any tax placed on income earned in addition to that provided by the supplement should be less than 100%. Milton Friedman's (1962) proposal set the guaranteed minimum income to 50% of the unused personal exemptions of a family minus its minimum standard deduction ($3,000 for a family of four, the break-even point), with a projected cost at that time of $10 billion. Robert Theobald's (1963) proposal set the guaranteed income equal to $1,000 for each adult, $600 for each child (totaling $3,200 for a family of four), with an offset rate at 90% (a family keeps 10¢ of every dollar it earned up to a break-even point, $3,556), with a projected cost of $30 billion. Edward Schwartz's (1964) scheme set the guaranteed minimum income equal to $4,000 for a family of four, with no offsetting tax on other income. The projected cost was $23 billion. Senator George McGovern's 1969 proposal (as cited in Cavala & Wildavsky, 1970, p. 353) paid $10 a month to every dependent child ($240 a year for a family with two children), with a projected cost of $8 billion. Robert Lampman's (Green & Lampman, 1967) proposal set variable rates and amounts of subsidies determined by amount by which incomes fell below a break-even point, with projected costs of $8 billion. James Tobin's plan (1965) had the government pay each taxpayer below the $6,000 break-even point for a family of five $400 a year for himself and each member of the family, reducing the allowance by 33.3¢ for every dollar the family earned above $6,000, with a projected cost of $12–$15 billion.

In regard to portended effects, Cavala and Wildavsky (1970, p. 330) surmised that Schwartz's and Theobald's plans would leave no one worse off than under the then current welfare system, thereby targeting poverty as the social problem to be alleviated. Friedman's, Tobin's, and Lampman's plans would not reduce the cost of public assistance by a politically visible amount without making the poor of several states worse off than before, thereby having mixed antipoverty and antiwelfare results. Cavala and Wildavsky concluded that income by right was not politically feasible in the near future. Though sympathetic of FAP, the political columnist Tom Wicker (1973) concurred, contending that the guaranteed income was "an idea whose time had not come" and that FAP "had little chance in the 90th and 91st Congresses, no matter what Mr. Nixon did or said."

President Richard M. Nixon's FAP left provisions for federal assistance to the aged, blind, and disabled unchanged, while establishing a floor of $65 per month for all such recipients (Woolley & Peters, n.d. d). AFDC would be abolished. A minimum of $1,600 would be paid to each family of four, with additional earned income taxed at 50%, but the first $720 of income would not reduce the initial subsidy. The break-even point for a family of four was $3,920. FAP was categorical in that it excluded single adults not handicapped or aged and married couples without children. It would, however, allow payments to families headed by unemployed males. FAP was also work-related: recipients had to accept training opportunities and suitable work when offered. Mentally and physically incapable persons were exempt from these work requirements, as were mothers of preschool children. Refusal to participate in work requirements would result in loss of his portion of the benefit. The remaining funds for mother, children or both would be made available through a local welfare agency (Cavala & Wildavsky, 1970, p. 354). In his August 8, 1969 address to the nation, President Nixon differentiated FAP from guaranteed income schemes. He put the issue this way (Woolley & Peters, n.d. c):

> This national floor under incomes for working or dependent families is not a "guaranteed income." Under the guaranteed income proposal, everyone would be assured a minimum income, regardless of how much he was capable of earning, regardless of what his need was, regardless of whether or not he was willing to work.
>
> Now, during the presidential campaign last year, I opposed such a plan. I oppose it now and I will continue to oppose it, and this is the reason: A guaranteed income would undermine the incentive to work; the FAP that I propose increases the incentive to work.
>
> A guaranteed income establishes a right without any responsibilities; family assistance recognizes a need and establishes a responsibility. It provides help to those in need and, in turn, requires that those who receive help work to the extent of their capabilities. There is no reason why one person should be taxed so that another can choose to live idly.

As Cavala and Wildavsky (1970) and Steensland (2008) noted, by the advent of the Nixon administration poverty was no longer a social problem that had to be addressed. This was not to say that poverty had been eliminated – the 13 million working poor who were to benefit from FAP had it passed were ongoing testimony to that. As Jencks (1985) noted in his critique of Murray's (1984) vilification of the New Deal and Great Society program in *Losing Ground*, poverty rates had declined, however, from 22% in 1960 to 13% in 1970. Further, the 23 million poor persons in 1973 were one third less than there were at the start of the Johnson administration's War on Poverty, diminishing national interest (Arnold, 1974). The Johnson administration's War on Poverty had nonetheless been deemed a failure, signified by urban riots and increasing welfare caseloads, both wrought with racial friction.

In his memoirs, Nixon (1978, pp. 425–426) acknowledged his determination to reform welfare, to end what he viewed as the inefficiencies and inconsistencies of the Great Society. This view was shared by others favoring a national income-guarantee program; such as, labor economist Richard Perlman (1973, p. 127). It irked Nixon among other things that payments to equivalent families could range from $263 a month in one state to $39 a month in another; that higher payments were often made to fatherless families; that a sizable majority (93%) of the families added to the welfare rolls between 1961 and 1967 had absent fathers; that loopholes made it possible to earn more on welfare than working for the minimum wage. As noted by Jencks (1985) even the prospect of providing a nonworking able-bodied mother with an income from AFDC that was more than some other non-AFDC recipient working mothers was morally and politically unacceptable in principal – regardless of whether it occurred in fact. Nixon even referenced Pete Hamill's (1969) popular *New York* article highlighting the White lower middle class resentment over the attention given to what Nixon called the Black problem by the welfare system's service industry of welfare workers, urban planners, nutrition experts and the like who seemed to resent hearing about Whites who also faced economic hardships.

President Nixon's unhinging welfare reform from poverty reduction was one of several major stumbling blocks FAP faced. Several of the aforementioned GAI schemes were aimed primarily at poverty reduction, and their advocates had little or no voice in the Nixon administration, even Milton Friedman who had estimated that an NIT which "*supplemented* the incomes of the 20% of the consumer units with the lowest incomes so as to raise them to the lowest income of the rest would cost less than half of what we are now spending (on direct welfare payments of all kinds)" (Friedman, 1962, p. 194). In a GAI scheme, such as Friedman's the welfare system would be abolished, not reformed.

Before President Nixon announced FAP to the nation, his administration examined the merits of two plans, "the Burns Plan" and the Family Security System (FSS) plan which became FAP. Both plans began with the same set of problems: The existing welfare system failed to provide adequate support for many persons in poor families; the welfare population, particularly AFDC, was growing at an alarming rate; the existing welfare system provided incentives for welfare families to "break up"; by applying essentially a 67% tax rate to earned income in excess of $30 per month, the existing system might discourage work effort. The objectives of the two plans were also similar: a decent level of support for those unable to earn enough to escape poverty; a reduction over time in the number of households on welfare; that is, incentives to self-support together with the skills and job entrée necessary to accomplish this and incentives for families to stay together rather than split up. At issue, however, was whether it would be preferable to federalize only the AFDC poor, the focus of the Burns Plan, or to focus on all poor persons, the focus of FSS (Caputo, 1994).

With vilification of the welfare system in general and the AFDC program in particular by President Nixon and others, the much debated conundrum among policymakers and political pundits was whether the enjoinment of both the non-working and the working poor into one overarching or comprehensive program would in effect result in an expansion of the AFDC program. It was estimated that FSS added about 13 million persons to the welfare rolls. According to Steensland (2008) the stigma associated with the welfare system; that is, with AFDC, was so great that, through a process of "symbolic pollution," the moral standing of the working poor would be severely compromised and, hence, rejected by many who would nonetheless gain economically. Simply put, if the welfare system was as morally repugnant and programmatically faulty as President Nixon deemed it, then it would be even more morally reprehensible to double its rolls by extending the reach of dependency on government beneficence to working poor families.

Although this symbolic pollution was a factor that entered into discussions of the merits of guaranteed income plans in general, Steensland (2008) may have overplayed its role in the eventual demise of FAP. Writing during this period, Cavala and Wildavsky (1970) made a more nuanced point about stigma, though not about AFDC recipients but about the working poor, that went to a core American value of equal opportunity vis-à-vis equality of result: "In America the stigma of poverty," they wrote (p. 332), "lies less in the fact of being poor than in the implication that one is lacking in those abilities which are rewarded." An income floor, such as that proposed in FAP and other GAI schemes, was a step in modifying this implication, suggesting that poor persons were not completely responsible for their fate and may have lacked real opportunity to participate in the race for economic gain, much akin to the rationale behind the Johnson administration's War on Poverty. "But to say that the losers in the race will not starve," they continued, "is very different than saying that the race itself is not a worthy one." To the extent income inequality remained; that is, to the extent that FAP and related income floor plans failed to equalize income distribution in the USA, stigma associated with the working poor; that is, "of being a loser in the competitive race which is American life" would remain. Income floor plans not tied to the equality of results nonetheless offered a "consolation prize," but the amount of dignity such schemes would salvage, Cavala and Wildavsky contended, was "problematical at best" (pp. 332–333).

As Steensland (2008) correctly stressed, the enjoinment of nonworking and working poor into one overarching or comprehensive program; such as, FAP collapsed the distinction between deserving and undeserving poor that historically played an important role in the development of social policy in the USA. Maintenance of this distinction was deemed important to policymakers and the public at large. As designed, public assistance invariably went to those who were not expected to work, were deemed deserving, and their moral worth was not in question. That changed in the 1960s when welfare caseloads increased, and the composition shifted disproportionately to unwed Black mothers. Hence, AFDC recipients lost some moral standing and were subject to two stigmatizing characteristics; namely, race and marital status. This was due to the disproportionate numbers of Blacks and unwed mothers, to which a third stigmatizing characteristic was added; namely, no labor force attachment. Able-bodied persons were viewed as undeserving of cash assistance unless it was tied to work-related efforts; such as, working in a public work program or job training, which became known as workfare (Peck, 2001). By reaching out to the working poor, many of whom were White, FAP held the promise of expanding the deservedness category for cash assistance; thereby, eclipsing the three stigmatizing characteristics of AFDC. The stigma associated with working poverty per se may have remained, as Cavala and Wildavsky (1970) contended, but that type of stigma seemed of a different, higher, order of moral worthiness than what had befallen AFDC cash recipients throughout the 1960s, especially since the "work ethic" holds such prominence in US life. Making cash assistance available for working poor families as deserving necessitated a conceptual shift, one that might have occurred during the Nixon administration had the President tied welfare reform more directly or even secondarily to poverty reduction. The treatment of employable persons on the same moral basis as unemployable persons made little sense unless the former passed the work test; that is, were willing to look for and accept employment as a condition of receiving benefits (Harris, 2005; Rogers, 1981).

Conceptual shifts and coherency, notwithstanding, FAP had more going against it than for it from those on both the political left and right of the political spectrum. A combination of cultural, institutional, and pragmatic factors eroded its initial support and accounted for its demise, first in 1970 and again in 1972. Collapsing AFDC poor and working poor persons and the cultural factor challenging the work ethic that many on the political right of the political spectrum found unacceptable could not be reconciled with the pragmatic factor of "trying to contain the fiscal burden of welfare" which was particularly acute for many state and city governments (Handler & Hasenfeld, 1991, p. 149). As initially proposed, FAP was estimated to add \$2.8 billion to the then current program (Cavala & Wildavsky, 1970, p. 354). As part of the Nixon administration's overall revenue-sharing scheme, known as the New Federalism, FAP afforded all states savings or minimal losses. This included a high AFDC-paying state like New York, which would lose \$14 million for their AFDC programs but would, nonetheless, gain \$9.8 million when considering Federal expenditures for adult programs for the aged, blind, and disabled (Caputo, 1994, p. 497, *n* 37). But in 1971 Nixon unhinged FAP from state-related revenue enhancement by proposing a delay in what would have been the effective start date of FAP as part of a tax-cutting and job-stimulating package to boost the economy. The support of many otherwise previously supportive governors evaporated, contributing to the demise of FAP when it was considered a second time by Congress. In 1971, California Governor Ronald Reagan, an opponent of FAP, began experimenting with workfare programs;

that is, requiring that AFDC recipients work in return for benefits. At their peak in 1974, workfare programs had about 5,760 participants, less than 1% of California's AFDC cases that year (Marshall, 1984).

Political conservatives contended there was a moral hazard issue associated with the potential erosion of the work ethic among the working poor and potential discouragement of nonworking AFDC poor from seeking work. Also, political liberals and other more strident activists on the left side of the political spectrum opposed FAP. The NWRO, whose constituency included mostly AFDC recipients, in particular contended that work requirements in FAP, which was initially silent in regard to a minimum wage requirement thereby arousing opposition from unionized labor, amounted to slave labor and that the level of cash benefit was too low. In place of the $1,600 minimum for a family of four as initially guaranteed under FAP, NWRO wanted a minimum of $5,500, an amount that got additional support from other politically liberal-minded groups with support beyond AFDC recipients; such as, the National Association of Social Workers and the National Conference on Social Welfare. With NWRO support, Senator Eugene McCarthy (D-MN) introduced the Adequate Income Act of 1970, which included a minimum income guarantee of $5,500 and no work requirement. Senator Fred Harris (D-OK) introduced the National Basic Income Maintenance and Incentive Act which started with a minimum income guarantee of $2,520 and rose over 3 years to poverty level. Such alternatives portrayed the adoption of FAP as indicative of a noncaring society, even though in the latter version of FAP, which increased to $2,400 the minimum income for a family of four with no earnings, 3.6 million poor in eleven southern states and 3.4 million in other states barred from any cash assistance would have become eligible for assistance (Handler & Hasenfeld, 1991; White & Long, 1972). AFDC recipients in fifteen southern states would have seen an increase in the economic standing since maximum welfare benefits fell below $2,400. The prospect of improving the economic standing of poor Blacks in southern states presented a formidable challenge to the political hegemony of Congressional Southern Democrats as well as governors who for the most part opposed FAP (Jimmy Carter of Georgia who was elected President of the USA in 1976 was an exception) and to the Southern economy which relied on a pool of low-income Black labor. By equalizing earnings at the bottom of the wage scale between men and women and between Whites and Blacks, FAP would have enabled Southern Black men and women from the necessity of accepting the lowest wage work (Quadagno, 1990).

FAP, however, would have done little for the AFDC poor, 85% of whom were in nonworking female-headed households (Quadagno, 1990). In addition, in higher paying AFDC states; such as, New York, FAP would have necessitated work without economic gain. Implicit in FAP, Quadagno contended "… was the notion that a family wage for low-income males would resolve the economic deficit of poor women by relocating them within the male breadwinner/female dependent household" (p. 19), a view supported by Durban's (1973, p. 124) study of work and welfare in New York. Additionally, from the vantage point of organized labor, the

AFL-CIO, increased numbers of nonworking but employable AFDC recipients added to the pool of low-income workers would intensify competition for a fixed number of jobs and exacerbate low-wage employment. Over time, low-wage rates in the subsidized sector would depress wage rates in the nonsubsidized sector. The AFL-CIO also feared that the proposed training programs in FAP would undermine the union's autonomy over skilled craft jobs, allowing workers to enter the protected segments of manufacturing and skilled trade. Both AFL-CIO objections were addressed in the 1971–1972 version of FAP, and labor withdrew its opposition. But, it was too late, especially after Nixon proposed delaying the revenue-sharing component of the anticipated start of FAP leading to lost support of governors and local officials.

1.3.3 Additional Benchmarks: SSI, WIN Enhancements, and the EITC

1.3.3.1 The Supplemental Security Income Program

Prior to the final attempt to reform welfare in the latter part of the 1970s, three other benchmarks are worth noting: (a) creation of the SSI program, (b) "enhancements" to the WIN program, and (c) enactment of the EITC program. First, although Congress eliminated FAP from further legislative considerations in the 1972, it passed the SSI program (P.L. 92-603) which federalized the state-administered cash assistance to poor elderly, deaf, and disabled persons. SSI marked a further expansion of national responsibility for persons whose ability to participate in the labor market vis-à-vis more able-bodied persons was compromised. As a result, nearly half the AFDC population was brought under the auspices of the Federal government, providing some fiscal relief to state and local governments. Rejection of FAP, however, left the working poor on their own to defend against the vicissitudes of the market and the increasing numbers of single mothers and their children to negotiate between an ever more stingy state-administered welfare system and a relatively low-paying labor market (Caputo, 1994).

1.3.3.2 WIN Amendments

Second, primarily through administrative regulations in 1975, WIN placed greater emphasis on job search, based on the notion that most unemployed persons manage to find jobs on their own, making use of personal contacts as well as formal channels. Administered through the Department of Labor and known as the Employment Opportunities Pilot Project, this phase of WIN also called for cuts in institutional training expenditures and increased emphasis on placing recipients in jobs through on-the-job training (OJT) and public service employment (PSE). Additionally, all new AFDC applicants were required to register for WIN as a condition of entitlement and they were given labor market exposure. That is, employment counselors encouraged new AFDC applicants to look for work and told them about the importance of work. No money was made available to assist new AFDC applicants find work or to pay for any related concrete services. Funding for WIN stabilized at around $365 million per year for the remainder of the 1970s. But, as consumer prices rose with double-digit inflation, the stable funding in effect meant a decrease of about 41% in disposable income. In 1978, 16% of CETA (Comprehensive Employment and Training Act of 1973 P.L. 93-203) participants were also AFDC recipients (Rein, 1982). This project had enrolled about 10,000 participants in 14 job sites by July 1980. After intensive search through a job club, an average of about 50% found jobs – 70% in the Lowell, MA site. Despite such "success," the Reagan administration did not continue the program, preferring a workfare strategy (Marshall, 1984). It should be noted here that earlier workfare programs requiring that recipients work in return for benefits were superseded by more comprehensive welfare-to-work initiatives that came into prominence in the 1980s and 1990s and provided a range of services to increase the likelihood that recipients would obtain gainful employment in the private sector (Paz-Fuchs, 2008). As Rector (1993) noted workfare came to encompass three distinct types of work activity: (a) job search, (b) education and training, and (c) community work service or "work experience."

1.3.3.3 The Earned Income Tax Credit

Third, in 1975 during the administration of Gerald Ford, Congress approved the EITC, discussed more fully in Chap. 4, as part of a larger tax cut package (P.L. 92-12), the largest in the nation's history up to that time, drafted primarily by Congressional Democrats (Caputo, 1994; Howard, 2007). Russell Long (D-LA) who, as chair of the Senate Finance Committee, played a large role in defeating FAP was an initial advocate for EITC. EITC provided tax-filing poor families with at least one child 10% of earned income up to $4,000 (phased and finally eliminated on wages between $4,000 and $8,000). EITC was barely discussed in Congress and was buried in the larger tax relief legislation. Its passage, however, reaffirmed the importance Congress placed on continued labor force participation among low-wage earners with children. As a matter of tax equity or fairness, EITC helped offset increases in payroll taxes to which all wage earners below a specified maximum contributed to finance Social Security payments to retirees and their dependents. Payroll tax rates as a percentage of taxable income had increased from 4.8% in 1967 to 5.2% in 1971 and to 5.85% in 1973, remaining there through 1978 when it increased to 6.05% (Social Security Administration Office of Chief Actuary, 2007). Concomitantly, taxable earnings more than doubled from $6,600 in 1967 to $14,100 in 1975 (Social Security Administration Office of Chief Actuary, 2008).

1.4 The Carter Administration and the Program for Better Jobs and Income

The final attempt at welfare reform prior to the Reagan administration in 1981 came from the Carter administration which also saw legislation designed to address concomitant increases in inflation and unemployment rates. As noted previously, the CETA program which added public service jobs and OJT to benefit unemployed and underemployed persons peaked in 1977 and 1978, the first 2 years of the Carter administration. During 1978 Congress passed, and on October 27 President Carter signed, the Humphrey-Hawkins Full Employment and Balanced Growth Act of 1978 (P.L. 95-523). It was named after its primary sponsors, the 1968 Democratic presidential nominee Senator Hubert H. Humphrey (D-MN) and Representative Augustus F. Hawkins (D-WI), an influential member of the Black Congressional Caucus from the Watts district of Los Angeles and chair of the House Education and Labor Committee's Subcommittee on Equal Opportunities (Goldberg & Collins, 2001). P.L. 95-523 stripped from earlier versions provisions calling for government as employer of last resort, while targeting an unemployment rate of 4% by 1983 and reducing the inflation rate to 3% by 1983 and to 0% by 1988. Unemployment in 1978 hovered around 6% and rose to 7.1% in 1980, while inflation as measured by the Consumer Price Index (CPI) edged toward double-digit levels, at 9% in 1978, and jumped to 15% in 1979 and to 20% in 1980 (Economic Report of the President, 1981).

P.L. 95-523 reaffirmed a policy of primary reliance on the private sector and gave the following order of priority for job creation: (a) regular private sector jobs, (b) private sector jobs with federal assistance, (c) conventional public sector jobs, and (d) a last-resort, government reservoir. Title II of P.L. 95-523 permitted the President to establish reservoirs of public employment if he found that other policies were failing to achieve full employment goals. There were several constraints on public employment: No new programs were to be established less than 2 years after enactment; reservoir jobs had to be useful and in the lower ranges of skill and pay; they had to be targeted toward individuals and areas with the worst unemployment problems; and such jobs could not draw workers from the private sector. Shortly after passage of P.L. 95-523, the White House announced cuts of 100,000 in CETA PSE slots, which Congressman Hawkins denounced as a violation of the Act's interim target of 4%. Inflation, however, eclipsed unemployment as the major economic problem the country faced, eroding support for full employment policy and in effect ending the political viability of a jobs strategy based on government as employer as last resort in the USA (Ginsberg, 1985; Goldberg & Collins, 2001).

P.L. 95-523 provided a single framework to coordinate government efforts to meet full employment, with a 4% as an acceptable unemployment rate. It held the President and Congress accountable to the public if policies failed to move in accord with goals and timetables. P.L. 95-523 also delimited the affirmative role of government consistent with Keynesian demand-side economics that had guided policymaking in the post World War II period. Rising inflation and unemployment rates throughout the 1970s, known as stagflation, discredited the Keynesian certainties about government's ability to predict and manage the national economy. Stagflation gave political credibility to monetarist and supply-side arguments that too much, not too little, government spending and interference with the free market lies at the roots of economic problems in the USA (Caputo, 1994).

While Congress debated and eventually passed the Humphrey-Hawkins Full Employment Bill in 1978, the Carter administration also grappled with welfare reform. In his 1978 budget message, President Carter expressed his hope that Congress would pass the PBJI, "a long-overdue reform of the Nation's welfare system." Explicit in PBJI, as President Carter acknowledged to Congress, was the notion that "this is a Nation of men and women who do not wish to be wards of the Government but who want to work and to be self-sufficient." PBJI included "a combination of employment opportunities and incentives for those who should work, and a basic income for those who cannot" (Woolley, Peters, n.d. e). President Carter had informed Congress in 1977 that he planned to keep his campaign pledge "to abolish our existing welfare system, and replace it with a job-oriented program for those able to work and a simplified, uniform equitable cash assistance program for those in need who are unable to work by virtue of disability, age, or family circumstance" (Woolley & Peters, n.d. f).

President Carter issued a set of cross-purpose principles that, in the end, proved impossible to translate into a viable program: (a) no higher initial cost than the present systems, (b) to those eligible, access to a job for every family with children and a member able to work, (c) incentives always encouraging full-time and part-time private sector employment, (d) public training and employment programs when private employment was unavailable, (e) more income to working than non-working families, (f) incentives designed to keep families together, (g) retention of EITC to help working poor persons and their families, and (h) a decent income for those who cannot work or earn adequate income, with federal benefits consolidated into a simple cash payment, varying in amount only to accommodate differences in costs of living from one area to another (Caputo, 1994). President Carter hoped to replace $26.3 billion (in 1978 dollars) in the current programs providing assistance to about 30 million low-income persons (AFDC $6.4 billion, SSI $5.7 billion, Food Stamps $5 billion, EITC $1.3 billion, stimulus portion of CETA public jobs $5.5, WIN $0.4 billion, among others). With some additional cost savings, President Carter proposed to distribute PBJI funds to about 32 million low-income persons as follows: (a) work benefit and income support $20.4 billion, (b) EITC $1.5 billion, and (c) employment and training $8.8 billion. The 15.4% increase in EITC was explicitly targeted "to low and modest income working people hard hit by payroll tax increases."

On the whole, President Carter's stated objectives mimicked those of FAP: (a) to reduce inequities, (b) to improve work incentives, (c) to provide more adequate benefits to the needy, (d) to reduce the fiscal burden on states and localities, and (e) to have a system that could be administered efficiently at an affordable cost. President Carter's mandate to keep costs within current budgetary expenditures was a nonstarter and precluded acceptance of given realities; such as, the more adequate the benefits the greater the costs or the more relief given to states the less available to increase income of poor persons (For example, in regard to tax-revenue loss vs. higher effective tax rates on households above breakeven points, see Gottschalk, 1978). Reactions to PBJI were mixed. Senator Russell Long (D-LA) who supported EITC objected to the public jobs component – too much government intrusion into the labor market, contending that public service jobs would drive out small businesses dependent on low-wage workers. Labor unions objected to income supplementation of low-wage work, fearing it would supplement low-wage industries (Caputo, 1994; Lynn & Whitman, 1981).

Senator Daniel Patrick Moynihan (D-NY) clashed with the Carter administration over PBJI in light of released results from the NIT experiments. These were begun in the late 1960s in New Jersey and Pennsylvania (Garfinkel, 1974) and in the 1970s in Seattle and Denver (Spiegelman & Yaeger, 1980). The experiments found reduced work effort and increased marital instability. He argued that PBJI expenditures would benefit lower AFDC paying southern states more than higher paying northern states such as New York. An early advocate of the NIT during the Kennedy-Johnson administrations and an architect of FAP during the Nixon administration, Moynihan, as Chair of the Senate Subcommittee on Fiscal Assistance, was reported to have begun 3 days of hearings in 1978 on the related research by saying, "We must now be prepared to entertain the possibility that we were wrong" (Moynihan says recent studies raise doubts about 'negative income tax' proposals, 1978). A "striking" finding from the SIME-DIME experiment conducted among 4,800 low-income families was that the number of hours worked each year declined 15% for male household heads, 22% for wives, and 11% for female heads of families. In addition, the rate of marital dissolution was about 60% higher than in the control group welfare families. To no avail Jodie Allen, Special Assistant to the Secretary of Labor, argued that PBJI was not an NIT program because of its work incentives and increased work opportunities for poor persons. A year later, Moynihan criticized the Carter administration for proposing to allocate $1.1 billion of $1.6 billion in cash benefits to primarily southern states, with only $500 million going to primarily northern industrial states (Weisman, 1979).

In regard to the fate of PBJI, most agreed that except for the Depression of the 1930s, the federal government had little experience in mounting a massive public jobs and training program and that the major obstacle of comprehensive reform was cost. By December 4, 1978 President Carter omitted welfare reform from a list of administration initiatives that he thought would pass. Although President Carter eventually relaxed on the no-initial-cost-increase goal, stagflation and tax cuts diverted his and Congress's attention from welfare reform, and PBJI receded in importance, eclipsed by stagflation, gas shortages, and a hostage crisis in Iran, among other things (Caputo, 1994; Lynn & Whitman, 1981).

1.5 Summary

This chapter covered three broad topics related to social policies affecting low-income families in the 1960s and 1970s: (a) AFDC, (b) GAI schemes, especially FAP, and (c) PBJI. Of the three, AFDC was the only enacted program and, as such, it played a pivotal role in reform efforts aimed at improving the economic situation of low-income workers and their families. Seeds of a national debate about the relationship between public assistance and work effort were firmly planted. Guaranteed income schemes were no longer a political option. The idea that able-bodied nonworking mothers of young children should be encouraged to find employment and be given public support for doing so had its feint beginnings in the WIN program. The advent of the new presidential administration of Ronald Reagan in 1981 portended an ideological shift from a favorable view of government programs aimed at assisting low-income persons and their families to one of greater reliance on market forces. How that shift played out and affected social policies for low-income persons and their families is the subject of the next chapter.

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Chapter 2
The Reagan Administration and Public Assistance

2.1 Overview

This chapter examines changes in public assistance throughout the 1980s. Section 2.2 discusses the theoretical and empirical underpinnings of the ideological attacks on the welfare state advanced by social scientists and political pundits for whom the Aid to Families with Dependent Children (AFDC) program had come to represent the limits of government beneficence. Legislative changes throughout the 1980s are presented in light of policy objectives and values. Section 2.3 highlights key aspects of the Omnibus Budget Reconciliation Act (OBRA) of 1981 that opened the way for welfare and work-related demonstration projects. Section 2.4 examines the emergence of the Congressional consensus linking welfare to work. Section 2.5 discusses passage of the Family Support Act (FSA) of 1988 (P.L. 100-485), which cemented the link between welfare and work and whose provisions are also presented. Section 2.6 highlights the continued attacks on the welfare state in general and the AFDC program in particular during the George H.W. Bush administration, setting the stage for the overhaul of AFDC during the Clinton administration, the subject of Chap. 3.

2.2 The Welfare State Under Siege: Theoretical and Empirical Underpinnings

The election of Ronald Reagan in 1980 signified a growing disillusion about the role of government in the economy and society (Caputo, 1994) and a more sustained challenge to the income maintenance function of the US welfare state (Hamilton, 1984). The "stagflation" of the 1970s called into question the viability of the US welfare state as it weakened the faith of policymakers both in the achievement of full employment and in Keynesian demand management which had guided policy strategies since the 1940s (Goldberg, Harvey, & Ginsberg, 2007). In regard to poverty, the Reagan election provided "a political wedge for antiwelfare punditry about the values and behavior of poor persons, particularly

R.K. Caputo, *U.S. Social Welfare Reform*, International Series on Consumer Science,
DOI 10.1007/978-1-4419-7674-1_2,

unmarried mothers and noncustodial fathers who failed to pay child support" (Caputo, 2008, p. 1038). The theoretical and empirical underpinnings of the welfare debates throughout the 1980s were presented in publications targeted toward the general public by such political pundits and academic scholars as Martin Anderson (1978), George Gilder (1981), Charles Murray (1984), Garfinkel and McLanahan (1986), Lawrence Mead (1986), and David Ellwood (1988) among others (Deprez, 2002). Antiwelfare scholars such as Murray (1984) and Mead (1986), argued respectively that public assistance for able-bodied nonworking persons was a moral hazard encouraging sloth and illegitimacy and that, to the extent AFDC was to be retained, it should have stronger work requirements. Promoting the idea of a work-ethic state, Mickey Kaus (1986) proposed that all single mothers ought to work all the time to provide for their families. Although he took issue with Kaus about the reasonableness of such a pro-work proposal, even the sympathetic welfare supporter economist David Ellwood (1986, 1988), who would serve on President Bill Clinton's welfare task force from 1993 to 1995, sought to turn AFDC into a transitional support program designed to promote short-term financial, educational, and social support so that AFDC would be more like a stepping stone into the labor market (Caputo, 2008; Haskins, 2006).

President Reagan (Woolley & Peters, n.d. a) starkly characterized the antiwelfare, government-is-the-problem approach to welfare reform in his February 15, 1986 radio address to the nation:

> We're in danger of creating a permanent culture of poverty as inescapable as any chain or bond; a second and separate America, an America of lost dreams and stunted lives. The irony is that misguided welfare programs instituted in the name of compassion have actually helped turn a shrinking problem into a national tragedy. From the 1950s on, poverty in America was declining. American society, an opportunity society, was doing its wonders. Economic growth was providing a ladder for millions to climb up out of poverty and into prosperity. In 1964 the famous War on Poverty was declared and a funny thing happened. Poverty, as measured by dependency, stopped shrinking and then actually began to grow worse. I guess you could say, poverty won the war. Poverty won in part because instead of helping the poor, government programs ruptured the bonds holding poor families together.
>
> Perhaps the most insidious effect of welfare is its usurpation of the role of provider. In States where payments are highest, for instance, public assistance for a single mother can amount to much more than the usable income of a minimum wage job. In other words, it can pay for her to quit work. Many families are eligible for substantially higher benefits when the father is not present. What must it do to a man to know that his own children will be better off if he is never legally recognized as their father? Under existing welfare rules, a teenage girl who becomes pregnant can make herself eligible for welfare benefits that will set her up in an apartment of her own, provide medical care, and feed and clothe her. She only has to fulfill one condition – not marry or identify the father.
>
> Obviously something is desperately wrong with our welfare system. With only about half of what is now spent on welfare, we could give enough money to every impoverished man, woman, and child to lift them above the poverty line. Instead, we spend vast amounts on a system that perpetuates poverty. But the waste of money pales before the sinful waste of human potential – the squandering of so many millions of hopes and dreams.

President Reagan iterated similar sentiments a year later when he told the nation that he asked the nation's governors to join him at the White House to discuss the prospect of reforming the welfare system (Woolley & Peters, n.d. b). From the outset, the Reagan administration and Congress wasted little time in shifting public policy from welfare to work, beginning a process that by 1996 would in effect eliminate government responsibility in directly increasing the quantity of paid work and of unconditional or ongoing social welfare payments and would make the low end of the labor market the sole means of support for poor persons and their families (Mulvale, 2002).

2.3 The Omnibus Budget Reconciliation Act of 1981

Passage of the OBRA of 1981 (P.L. 97-35) signaled the shift. OBRA permitted states to convert the Work Incentive (WIN) program into a block grant administered by welfare agencies and to use workfare as a component of state programs. Under the Reagan administration, two sets of work programs were implemented: (a) WIN and (b) the OBRA experiments (Handler & Hasenfeld, 1991). Although OBRA gave states the flexibility to shape the federally mandated and bureaucratic AFDC program, they had less money to do so. WIN, the major federal funding source for these programs, became the target for annual budget cuts, with funding falling 70% between 1981 and 1987 in nominal dollars (Gueron, 1990). Responses were mixed: as the scale of work programs declined, fewer people and areas of the country were covered. Two studies (Nightingale & Burbridge, 1987, as cited in Gueron, 1990, p. 87; U.S. General Accounting Office, 1987) showed that in 1986, 37 states operated some form of job search assistance or workfare, the most common activities; however, these were implemented in areas covering about 40% and 30%, respectively, of the national AFDC caseload. The absence of reliable and consistent data precluded estimates of the percentage of caseload participation in these programs, as well as cost-effectiveness or impact on employment or welfare dependence. The inconsistent attempts by states to measure workfare effectiveness were noted in the popular press (Williams & Dennis, 1986). In 1987, 40 states operated workfare programs (Goldberg & Collins, 2001).

2.3.1 Implementation of Workfare Demonstration Programs Prior to Passage of the Family Support Act of 1988 (P.L. 100-485)

Implementation of workfare varied considerably by state under OBRA. In Alabama, for example, workfare attached to AFDC was optional at the county level, operating in three counties in 1986; whereas, in South Dakota the AFDC workfare component operated statewide only in the WIN Demonstration Project. In West Virginia, the mandatory AFDC workfare component operated statewide. States had the option to offer AFDC to two-parent families whose principal earner was unemployed, but only about half the states did so. AFDC participants were automatically eligible for education and training under the Job Training and Partnership Act (JTPA), but scarce funds restricted enrollment (Caputo, 1989).

Two notable contrasting innovative programs were (a) ET, the Employment and Training Program in Massachusetts and (b) GAIN, the Greater Avenues for Independence Program in California. These programs provided different solutions to the moral ambiguity of welfare and work.

With voluntary participation, ET reduced the ambiguity; whereas, with its carrot-and-stick approach, GAIN heightened it. ET symbolically departed from WIN by viewing AFDC recipients as potential customers to be attracted in part through an active marketing campaign and with higher levels of committed resources for support services; such as, child and health care. State appropriations went from about \$200,000 for WIN in 1980 to about \$18 million for ET in 1985, to \$68 million for ET in 1988. ET participation rates were unusually high, with 67% of all adults on AFDC participating in 1987, 44% of these obtaining jobs with a mean starting wage of \$5.70 per hour, and 49% of those who found jobs staying off welfare. Critics accused ET of "creaming"; that is, of selecting the most motivated and job-ready recipients.

GAIN required all eligible AFDC recipients to participate in the program until they were employed or off AFDC. Registration was mandatory for all AFDC-UP recipients and for AFDC recipients whose youngest children were 3 years old or older. GAIN operated with a complex logic that entailed a progression from basic education to job search, and for those failing to obtain employment, to further assessment, vocational training, and possibly work experience. All too often however, unevenly interrupted welfare spells precluded such an orderly progression. With 60% of registrants barely literate, GAIN became a massive educational program rather than a jobs program. Its uneven implementation throughout the state complicated any assessments for effectiveness, although its ability to provide services in large counties; such as, Los Angeles was limited to 10% of eligible GAIN participants. The absence of any control groups made it impossible to assess effectiveness for either ET or for GAIN (Handler & Hasenfeld, 1991; Williams & Dennis, 1986). Nonetheless, GAIN with its mandatory work requirements rather than ET with its voluntary participation served as the model for welfare reform efforts culminating in the FSA of 1988 (P.L. 100-485) and again in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193; Peck, 2001).

2.3.2 MDRC and Assessment of Workfare Programs Prior to the Family Support Act of 1988

Despite state-by-state variation, OBRA provided the opportunity to elevate the role of empirical research in the policy development process. MDRC, originally known as the Manpower Demonstration Research Corporation, designed a rigorous set of experiments in several types of work programs for AFDC recipients in nine states, with over 30,000 individuals randomly assigned to experimental and control groups (Gueron & Nathan, 1985). These experimental programs ranged from the mandatory Community Work Experience Program (CWEP) in West Virginia to a voluntary on-the-job training program in New Jersey (Gueron & Pauly, 1991).

Gueron (1990) noted that the programs lead to consistent and measurable increases in employment and earnings, and also to some welfare savings. Women who were first-time applicants and who had recent work history did not gain from these programs. Women with no work experience showed significant gains. Long-term welfare recipients with no recent employment showed no consistent gains (Handler & Hasenfeld, 1991). On the whole Gueron (1990) admonished, results from the experimental studies suggested caution about what could be expected from similar types of reforms that had been enacted as part of the FSA of 1988 (P.L. 100-485), namely, that “these programs do not offer an immediate cure for poverty or dependence. Their impacts are modest; many people remain dependent; and those who move off welfare remain poor” (p. 95).

As Rogers-Dillon (2004) noted, the modest findings of these experiments did not create the political will to overhaul the AFDC program, nor did they transform policymaking per se. The experiments did produce technical knowledge that helped the successive wave of waiver demonstration projects in the 1990s learn about program success and failure. Results per se, however, were less important to welfare reform than the institutional existence or presence of what was to become in the 1990s “shadow” experiments (Brodkin & Kaufman, 2000). Thus, waivers were to shape welfare reform by allowing entrepreneur governors; such as, Tommy Thompson of Wisconsin, to push the envelope of social policy (a) by expanding acceptable options like time limits, (b) by providing an umbrella of social science experimentation to test competing policy options and determine what works, and (c) by creating a mechanism for centralizing and supporting welfare experts, administrators, and staff sympathetic to reform efforts pursued in each state. The way was thereby prepared for devolving or returning public assistance for families with children to the states (Rogers-Dillon, 2004, p. 164).

2.4 Cementing the Link Between Welfare Reform and Work

2.4.1 The Emerging Consensus

For the first time during his administration, President Reagan explicitly placed welfare reform on the national agenda in the 1986 State of the Union Address (Woolley & Peters, n.d. c). With a liberating rhetorical flourish, he put the matter this way:

> After hundreds of billions of dollars in poverty programs, the plight of the poor grows more painful. But the waste in dollars and cents pales before the most tragic loss: the sinful waste of human spirit and potential. We can ignore this terrible truth no longer. As Franklin Roosevelt warned 51 years ago, standing before this Chamber, he said, "Welfare is a narcotic, a subtle destroyer of the human spirit." And we must now escape the spider's web of dependency…
>
> Tonight I am charging the White House Domestic Council to present me by December 1, 1986, an evaluation of programs and a strategy for immediate action to meet the financial, educational, social, and safety concerns of poor people. I'm talking about real and lasting emancipation, because the success of welfare should be judged by how many of its recipients become independent of welfare.

Despite the emancipative rhetoric, the Reagan administration and the welfare task force envisioned a less comprehensive overhaul of the system than those proposed by the Nixon and Carter administrations. Instead, the vision entailed federal initiation of "… widespread, long-term experiments in welfare policy through state-sponsored and community-based demonstration projects…" and federal approval of waivers to allow states and communities to experiment (Rom, 1989). As the Reagan administration was set to send its legislative proposal for welfare reform to Congress, President Reagan iterated his plan to turn responsibility for designing welfare programs over to the states in an effort to shore up welfare families. To the nation's governors, he expressed his administration's sentiments this way, which is worth quoting in full given its antiintellectual stance (Woolley & Peters, n.d. d):

> On the subject of welfare reform: Tomorrow we'll be sending our legislative proposal to Congress, to start that long and convoluted process by which we hope to get true reform started. Our goal is to establish a process that allows States and communities to implement their own antipoverty ideas based on their own unique experiences. States and communities are in the best position to find solutions to welfare dependency. In fact, a number of you already have used the limited independence that you now have to improve your welfare systems. Dozens more of you've demonstrated that you're eager to pursue new ideas and fresh strategies.
>
> I'm also convinced that for any plan to work, it must be based on the advice of experts – not the ones in the universities and the think tanks, whose expert advice helped create the current welfare crisis, but the real experts: people like a lady named Kimi Gray, a one-time welfare mother with five children. We had her here in the White House the other day, and she told us about how she had gotten herself off of welfare and sent her five children to college. Not only that but she went on to become the driving force behind the Kenilworth Parkside Resident Management Association, taking over the management of these housing projects. And when she started out, she says that Kenilworth Parkside was referred to as "the end of nowhere, the part of the city that's been forgotten." But through the resident management concept, welfare recidivism was reduced from 85 percent to 22 percent and teenage pregnancy was cut by 50 percent. Crime in the neighborhood fell, and new businesses started up.
>
> And how did she do it? Well, her work echoes what every other true expert about welfare knows, what everyone who's had success getting people off of welfare, rather than on, will tell you. "Our philosophy," she said, "is that the only way we could save our community was by saving our families." And how did they do that? Well, here are her words: "By

> returning respect and responsibility and pride back to the fathers of our community." There, spoken with the eloquence that comes from experience, is the fundamental truth about the difference between dependency and self-sufficiency: It hinges on the family. The fundamental principle that must guide all our efforts at reform is that anything we do, any change we make, must strengthen, support, and give encouragement to the family. We must do all we can to ensure that the family is a safe haven for its children, a source of strength and security for all its members.
>
> And let me make a related point: In some cases day care may be a necessity, but it can never replace the love and care of the parents themselves. We've always been a nation that's drawn its strength from the values of family life. If America hopes to enter the twenty-first century united and free, we must once again make a wholesale, conscious commitment to strengthening and protecting those basic family values and the strong, stable families from which they spring. I know you all recently received my letter on welfare reform. And I know that you're as dissatisfied with the present system as we are. And many of you've thought long and hard about what needs to be done. Well, that's why we're anxious to hear what ideas your task force, headed by Governor Mike Castle, has to offer. And all of you, individually, have made great strides. We need your ideas, but not just your ideas. I'm asking each of you to help get our legislation through Congress. And I'm asking each of you, then, to use your new freedom to try new approaches in your State so that we can work together to make welfare work better.

In the 99th and 100th sessions of Congress, in 1986 and 1987, respectively, a consensus emerged linking welfare reform to work that had eluded the Nixon and Carter administrations (Deprez, 2002). Part of what drove that consensus was public and scholarly preoccupations with and debates about the status of the American family in general, particularly in regard to increasing numbers of divorces, of never-married single-headed households with children, and of older first-time marriages (Hacker 1979, 1982a).

The welfare consensus encompassed three main points (Goldberg & Collins, 2001). First, family breakdown and inadequate inner-city educational systems were generating a permanently dependent "underclass," whose nature and extent received popular as well as scholarly attention throughout the 1980s and early 1990s (Auletta, 1982; Hacker, 1982b; Jencks & Peterson, 1991; Katz, 1993). Second, reform should be based on reciprocal responsibilities between government and welfare recipients. Third, states should be given greater discretion over certain aspects of welfare policy.

The 100th session of Congress focused on three major bills: (a) the *Family Security Act of 1987* (S. 1511) introduced by Senator Moynihan (D-NY) and cosponsored by 56 members of the Senate, (b) the *Family Welfare Reform Act of 1987* (H.R. 1720) introduced by Representative Harold Ford (D-TN) along with amendments by the Committee on Education and Labor and the Committee on Energy and Commerce, and (c) the *Welfare Independence Act of 1987*, the Republican alternative for welfare reform introduced concomitantly by Senator Robert Dole (R-KS) (S. 1655) and by Representative Robert Michel (R-IL) (H.R. 3200). Despite differences in some specifics, each bill linked welfare reform to work. The FSA of 1988 (P.L. 100-485) cemented this link.

While reaffirming the income maintenance function of social welfare provisioning in general and retaining the entitlement nature of the AFDC program in particular, FSA placed a premium on employment with little regard to adequacy of income and it ignored the plight of the millions of working poor persons unlike the Nixon administration's FAP and the Carter administration's PBJI (Caputo, 1989). The emphasis, advocated by Ellwood (1988) to the extent reasonably possible, was to convert AFDC from a payment program with a supplementary jobs component into a jobs program with supplemental components; such as, child care support, children's allowances, and an expanded Earned Income Tax Credit (EITC) program with higher level and more gradual phase-out amounts for each additional child beyond the allotted two.

2.4.2 The Empirical Base Underpinning the Consensus

The consensus around FSA encompassed the common perception that AFDC was a failure, with too many recipients making dependency a career – nearly one in eight families with children at home were on the welfare rolls vis-à-vis one in thirty-three households in 1960 (Hacker, 1988). In a major study of welfare dynamics relying on data from the Panel Study of Income Dynamics (PSID) Bane and Ellwood (1983 as cited in Haskins, 2006 and in Institute for Research on Poverty, 1984) showed that of welfare recipients at any given time 60–65% would eventually be on the rolls for 8 years or more. Bane and Ellwood (1986) subsequently corroborated these findings when they differentiated those who had completed spells from those in the midst of a spell at any given time: 55.8% of spell completers had spell lengths of 8 years or more. Even though most persons beginning a new spell of welfare receipt (60.3%) were likely to leave the welfare rolls within 2 years, long-term dependency fueled the welfare reform debates (Haskins, 2006). In addition, the composition of AFDC families by marital status had changed since the failure to pass FAP, from 31.5% whose fathers were not married to mothers in 1973 to 52.6% in 1986. Paraphrasing Ellwood (1988), one columnist (Lewin, 1988, p. 6) summed up public sentiment this way: "Everybody hates welfare: the poor people who get it, the taxpayers who underwrite it and the politicians and bureaucrats who are constantly tinkering with it."

However, countering stereotypes, about one quarter of AFDC parents received assistance 5 or more years and fewer than 10% for over a decade (Hacker, 1988, Table A). Also, most single mothers were not on welfare and between 55% and 60% combined parenthood with work. Of approximately 6.3 million women who headed households with children under 18 years old in 1986, nearly one fourth made $20,000 or more and an additional 27% made between $10,000 and $20,000 (Hacker, 1988, Table B). So many self-supporting single mothers bolstered the view that the rest should.

2.5 The Family Support Act of 1988

2.5.1 Provisions of FSA

2.5.1.1 Title I of FSA: Child Support

Calling it "real welfare reform" (Woolley & Peters, n.d. e), President Reagan signed FSA (P.L. 100-485) on October 13, 1988 as welfare expenses approached $16.7 billion, up from $11.5 billion in 1980, with about 11 million AFDC recipients annually throughout the decade (Committee on Ways and Means, 1994). FSA had six titles (The Family Support Act of 1988, 1988–1989; U.S. House, 1988, as cited in Mink & Solinger, 2003, pp. 523–532). Title I addressed child support and establishment of paternity. It required immediate wage withholding for all new child support orders issued on or after January 1, 1994 (Caputo, 2008). It also required withholding of child support payments from noncustodial parents' wages upon issuance or modification of a child support order for families receiving services under part D of Title VII of the Social Security Act. Parties in a contested paternity case had to submit to genetic tests upon the request of a party in such cases. States that did not have automated data processing and information retrieval systems in effect had to have such systems operational by October 1, 1995. This title was in part driven by adverse trends; such as, decreasing percentages of child support awards for all women (e.g., from 45.1% in 1978 to 42.8% in 1981) and of women with their own children younger than 21 years of age (from a high of 61.3% in 1985 to 57.7% in 1989), the low rate of child support payments for never married women (e.g., 14.3% in 1981), and an increase of unmarried mothers eligible for support (19% in 1978 to 30.0% in 1989) (Caputo, 1996).

2.5.1.2 Title II of FSA: Creation of the JOBS Program

Title II, the centerpiece of FSA, required all states to implement workfare programs, that is, to establish fully operational job opportunities and basic skills training programs (JOBS) or welfare-to-work initiatives, by October 1992. All mothers whose youngest children were 3 years old or older, about 40% of all AFDC mothers, were required to participate in JOBS. Title II authorized states to institute a work supplementation program under which state reserves sums that would otherwise be payable to JOBS participants as AFDC benefits would be used instead to subsidize jobs for such participation. Title II also authorized any state to establish a CWEP (Caputo, 2008; U.S. House, 1988, as cited in Mink & Solinger, 2003, pp. 525–528). In his remarks on signing FSA, President Reagan reminded the nation that in 1971, as Governor of California, he put into law a work-for-welfare requirement called Community Work Experience, similar to the one in the legislation (Woolley & Peters, n.d. f). Title II of FSA was predicated on the assumption that the job training programs, particularly under JTPA, were adequate to the task and that the job market could absorb persons who were successfully trained and sufficiently educated (Caputo, 1989).

2.5.1.3 Remaining Provisions Regarding Child Care, AFDC-UP, Retaining the Entitlement Nature of AFDC, and Funding of Demonstration Projects

Title III of FSA directed states to guarantee child care services to AFDC families to the extent such services were necessary for a family member's employment or participation in an education and training activity which had state approval. States were required to continue a family's Medicaid eligibility for 6 months in the event that the family lost AFDC eligibility under specified circumstances. As of September 26, 1988, Title III also required states with AFDC-UP programs to continue to operate them without a time limitation. It excluded from determination of need and eligibility for AFDC cash payments the first $90 of earned income per month, earned income credits (EITC) payable to the family under the IRS code, and up to $175 per month per child for child care costs after other disregard provisions were applied (up to $200 per month for a child under age two). Title IV retained the entitlement aspects of AFDC, requiring states to provide AFDC benefits to every family which meets AFDC need standards and whose children are deprived of paternal support due to unemployment of its principal earner. States were permitted to limit the number of months for which a family may receive benefits under the unemployed parents (AFDC-UP) program, if they had provisions to assist such parents in preparing for and obtaining employment. Title V made demonstration project funds available to assess the impact of JOBS participation on reducing school dropouts, encouraging skill development, and avoiding sole reliance on AFDC payments among other things. Title VI located administrative authority to the Assistant Secretary for Family Support within the Department of Health and Human Services and made States responsible for ensuring that program benefits were integrated and that AFDC applicants and recipients were encouraged, assisted, and required to cooperate in establishing paternity and enforcing child support obligations (Caputo, 2008; U.S. House, 1988, as cited in Mink & Solinger, 2003, pp. 528–532).

2.5.2 Critique of the Family Support Act of 1988

Critical of the political consensus around FSA, activist scholar Mimi Abramovitz (1988) noted the absence of a national minimum benefit which thereby enabled states to continue setting AFDC benefit levels whose real values had dropped by 31% between 1970 and 1985. In 1988, the maximum combined AFDC and Food Stamp benefits failed to bring a family of three in any state up to the federal poverty line, and in 39 states these benefits failed to reach 75% of the poverty thresholds. In addition, the employment provisions were less than satisfactory: Rather than mandating states to provide education, training and job placement programs as initially proposed, such services were optional. States were only required to provide the least costly job search, basic education, and workfare programs rather than the more expensive skill-building education and training services. Abramovitz contended that FSA hurt rather than helped poor adults and their families. Declining standards of living were forcing increased numbers of middle-class women and mothers with young children into the labor market. Further, welfare mothers were more likely to fill part-time jobs and earn less than the $7,000 annual minimum wage. They were a potential source of cheap labor whose prospective wages would be insufficient to enable women to avoid abusive marriages or insecure jobs. The ranks of the working poor had increased by 50% between 1978 and 1985, and FSA would only add to that. Abramovitz also rebutted public and professional opinion about welfare dependency: Most daughters of welfare mothers did not end up on welfare and most welfare mothers left the rolls within 2 years. She recoiled against the transformation of AFDC into an employment program based on a contractual arrangement. This only furthered the Reagan administration's goal of eroding principles that supported the welfare state by undercutting the societal obligation to provide cash assistance. "A contract between parties as unequal as a welfare mother and the state," Abramovitz contended, "effectively weakens the protections against economic insecurity and loss of social rights that the welfare state, at least in theory, arose to provide" (p. 240).

2.6 Public Assistance Under Siege During the G.H.W. Bush Administration

While encouraging states to experiment by applying for waivers from FSA strictures, President George H.W. Bush in his State of the Union address referred to the welfare program as "a narcotic" and a "subtle destroyer" of one's spirit and he noted that welfare was "never meant to be a lifestyle." It was time "to help reform the welfare system" (Woolley & Peters, n.d. f). Through increased use of state waivers, which doubled from 5 to 10 between 1988 and 1990 and to about 20 by 1993, the G.H.W. Bush administration set the stage for opening the floodgates of welfare reform, increasing the scope, diversity, and complexity of related efforts (Boehnen & Corbett, 1996; Fein, 1994). In addition to increases in state waivers, the number of component changes also increased from two or three during the Reagan and G.H.W. Bush administrations to eight or more during the Clinton administration. In response to the proliferation of state requests for and actions to restructure their AFDC programs, welfare policy was taken up by the Senate Finance Subcommittee on Social Security and Family Policy, called on February 3, 1992 by Senator Daniel Patrick Moynihan (D-NY), who had been a chief architect of FAP during the Nixon administration and of FSA during the Reagan administration (The New Paternalism, 1992). Throughout 1992 in a variety of addresses President G.H.W. Bush singled out Wisconsin, Maryland, New Jersey, Michigan, and Virginia as innovative laboratories his administration had approved for waivers.

New Jersey's Family Development Initiative was notable in part, for example, because additional cash benefits were disallowed to women on welfare who gave birth to another child, explicitly in the name of responsible parenting (Bryant, 1992). In defense of this innovative stricture, known as the family-cap provision, Governor James Florio (1992) argued that welfare families should be deemed as responsible and held as accountable as nonwelfare families, noting that working families "make childbearing decisions based on their incomes and on how they stretch their dollars to support the whole family." That is, working families were responsible for the consequences of their actions and the expectation was that welfare families would be likewise. As Governor Florio declared, New Jersey's welfare reforms were putting "an end to the myth that poor people cannot make responsible decisions." The family cap component of the project received national attention after 2 months when based on implementation experience, the birth rate of welfare recipients dropped by 16%; subsequently, the early results were revised downward so that differences between experimental and control groups vanished (Boehnen & Corbett, 1996). Governor Florio also boasted about the education and training components of New Jersey's welfare reforms, which expanded the State's commitment to day care provisions and enabled working welfare parents to keep more of their earnings (Bryant, 1992). Most significantly, Governor Florio directly addressed the question of the merits of job training requirements if jobs were not available, an issue often raised by those stressing structural causes of poverty and calling for public service job creation. "If we do not train people just because there are no jobs for them at the moment," Governor Florio (1992) responded, "then how will they be ready when there are jobs? Being ready for an opportunity that has not yet arrived is better than being totally unprepared when opportunity does come."

During the G.H.W. Bush administration, several shortfalls of FSA were becoming increasingly clear. The AFDC participation rate in JOBS was only 11%, due in large part to limited federal funds and insufficient draw downs by states (Offner, 1992). The voluntary self-selection nature of JOBS in many states meant that the requirement to reach out to high-risk groups of young parents, long-term welfare recipients, and families about to "age out" or lose AFDC eligibility as their children turned 18 years old was not met. About half of the JOBS participants chose some form of education to meet work-related requirements, while "workfare" or community work experience drew only 3% of participants. The "20-hour" rule presented a problem in the US South, where a monthly benefit of $210 translated into 10 hours of work a week, half of what JOBS required. Many welfare enrollees in low-benefits states did not count as JOBS participants, with many states simply dropping workfare as a result. Other problems with FSA were also noted. Less than 10% of those who got jobs and left AFDC rolls in 1991 received day care services, even though FSA guaranteed them. About 46,000 of an estimated 280,000 children received transitional child care in September 1991.

2.7 Summary

This chapter discussed the antistatist sentiment that undergirded efforts to reduce the role of the federal government in the economy and society in general and in the means-tested public assistance program AFDC in particular. It highlighted the rise of workfare demonstration programs that forged a link between welfare receipt and work, cemented in the Family Support Act of 1988. The chapter reviewed data about AFDC use and about self-supporting single mothers, bolstering the view that the nonworking AFDC recipients should also work. The chapter presented the major provisions of FSA, including creation of the JOBS program and summarized a major critique. It concluded with renewed attacks on the AFDC program and calls for more sustained efforts for nonworking public welfare recipients to get job training and become labor force participants during the G.H.W. Bush administration. The stage was set for renewed efforts for reforming welfare and rewarding work, particularly as increasing numbers of mothers with young children entered the work force, both subject of Chap. 3.

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Chapter 3
Welfare Reform in the Clinton Administration

3.1 Overview

This chapter presents an overview of welfare reform efforts during the administration of President Bill Clinton. Section 3.2 discusses the politics associated with welfare reform and the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) which replaced the entitlement Aid to Families with Dependent Children (AFDC) program with the time-limited, block grant Temporary Assistance for Needy Families (TANF) program. The creation of TANF and work requirements are presented along with other PRWORA provisions influenced by the Christian right. Section 3.3 examines the impact of PRWORA on welfare caseloads. Section 3.4 highlights key components of efforts to reauthorize TANF.

3.2 Welfare Reform and the Clinton Administration

3.2.1 Framing the Issue and the Use of Waivers

While campaigning for president, Arkansas Governor Bill Clinton promised to end welfare as the country knew it (DeParle, 2004; Haskins, 2006). Sounding much like former presidents Reagan, Carter, and Nixon who recoiled from the idea that public assistance was becoming a way of life for welfare recipients, Clinton had this to say on August 21, 1992 while at the Economic Club of Detroit:

> I believe people on welfare ought to go to work and I've been doing something about it in our state where we've moved 17,000 people from welfare to work, and I have a plan to do even better, to end welfare as we know it and make it a second chance, not a way of life (as cited in Blank & Ellwood, 2001, p. 2).

In his presidential campaign book *Putting People First*, Clinton framed the needs of poor persons primarily in economic terms (Clinton & Gore, 1992), but as President he recast the issue as one of a spiritual redemptive uplift, which his ending

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welfare as we know it rhetoric reaffirmed (DeParle, 2004). For example, at a Convocation of Memphis churchgoers, President Clinton (1993b) referenced a work by sociologist William Jules Wilson (1990) and extolled work's virtues:

> I do not believe we can repair the basic fabric of society until the people willing to work have work. Work organizes life. It gives structure and discipline to life. It gives meaning and self-esteem to people who are parents. It gives a role model to children.

The issue involved the extent to which low-wage work would contribute to changing the trajectory of the lives of those on welfare for the better, an apparently self-evident truism that warranted empirical corroboration. Early in his presidency, Clinton (1993a) reaffirmed a campaign pledge before the National Governors Association to approve state experiments, even those with which he disagreed, to find out if the link between low-wage work and individual betterment held (DeParle, 2004). On October 26, 1993 President Clinton fulfilled that pledge by issuing Executive Order 12875; thereby, continuing the policy of expediting state requests for waiver authority to implement welfare reform demonstrations (Bane, 1995).

In general, the existence of waivers, even more than findings from the demonstration projects, played an important role in redefining welfare as a temporary program rather than as an entitlement. The increasing number of such demonstration projects placed the notion of abolishing welfare entitlement in the public eye partly through widespread media coverage in the nightly news and numerous newspaper articles (Rogers-Dillon, 2004, pp. 151–157). Under Clinton, waivers were for large, multiyear pilot projects that fundamentally restructured public assistance through work requirements. In addition to work requirements, demonstration projects also provided opportunities to experiment with other aspects of welfare provision. Wisconsin's Work Not Welfare (WNW) program, for example, contained a time limit on benefits. Recipients could receive assistance only for 24 months, and no cash assistance was available for 36 months after the 24 month time limit was reached. WNW was a two-county quasi-experimental program, having a matched comparison county in lieu of a randomly assigned control group. It served about 1,000 participants over its lifespan. Despite these design and size limitations, WNW was symbolically important because it defined the term "welfare time limit" and had a provision calling for the elimination of AFDC in 1999.

By 1995, an estimated 75% of all AFDC participants in the USA were involved in waiver-authorized pilot programs (U.S. Department of Health and Human Services, 1996). In granting large, multiyear waivers the Clinton administration adhered to four basic principles: (a) avoiding harm to recipients within the demonstrations; (b) rigorous evaluation; (c) cost neutrality, and (d) testing policies in line with President Clinton's welfare reform proposal, the Work and Responsibility Act (WRA), while remaining open to alternative approaches. In what some asserted as a strategic mistake (e.g., Ellwood, 1996; Kaus, 1994; Offner, 1994), welfare reform took a back seat to what eventually became an unsuccessful health care reform effort which preoccupied the Clinton administration's first 2 years in office.

President Clinton introduced WRA to Congress on June 21, 1994. In the transmittal message, President Clinton (1994, p. 1320) signaled his acceptance of the idea that able-bodied parents of young children without labor force attachment were somehow deprived of dignity in need of restoration:

> It is time to end welfare as we know it and replace it with a system that is based on work and responsibility – a system that will help people help themselves. This legislation … rewards work over welfare. It signals that people should not have children until they are ready to support them, and that parents – both parents – who bring children into the world must take responsibility for supporting them. It gives people access to the skills they need and expects them to work in return. Most important, it will give people back the dignity that comes from work and independence…
>
> The Work and Responsibility Act of 1994 will replace welfare with work. Under this legislation welfare will be about a paycheck, not a welfare check… Each recipient will be required to develop a personable employability plan designed to move that individual into the workforce as quickly as possible. Support, job training, and child care will be provided to help people move from dependence to independence. Time limits will ensure that anyone who can work, must work – in the private sector if possible, in a temporary subsidized job if necessary.

By 1995, waivers were granted for 18 demonstration projects. California, Georgia, Iowa, North Dakota, South Dakota, and Vermont were operating statewide programs. Connecticut, Florida, Illinois, Virginia, and Wyoming had some provisions that were statewide; whereas, Arkansas, Colorado, Hawaii, Oklahoma, and Oregon had programs that operated less than statewide. Wisconsin had a statewide program and one confined to several counties.

3.2.2 Competing Administration and Congressional Welfare Reform Plans

The original Clinton administration plan, the WRA of 1994 introduced in the second session of the 103rd Congress as S. 2224 and H.R. 4605, called for all recipients to begin training or job search immediately upon beginning welfare. It set a 2-year time limit on cash aid, but certain activities extended the limit; such as, part-time work if one had preschool children or full-time work if children were over age 6. After 2 years, recipients would be required to work, preferably in an unsubsidized job. If such jobs were unavailable, a subsidized job would be created. States were given flexibility, reflecting the administration's approval of waivers meant to encourage experimentation, but welfare remained an entitlement; that is, all who qualified were guaranteed cash assistance (Blank & Ellwood, 2001). In the 104th Congress, President Clinton (1996a) vetoed H.R. 4, the Personal Responsibility and Work Opportunity Act of 1995, claiming it contained insufficient supports to enable welfare mothers to enter, prepare for, or find jobs. As noted, Congressional sentiment had clearly shifted toward the Republican right, although the Clinton administration had given signals that it might accept the reconciliation bill H.R. 4 (DeParle, 2004). Claiming that passage of the welfare reform measure would shame Congress, Senator Moynihan (1995) (D-NY) regretted the prospect of repealing the AFDC program which had been created under Title IV A of the Social

Security Act of 1935 (P.L. 74-271). This would have been the first and only repeal of a section of the Social Security Act in the nation's history – in effect abandoning dependent children. The prospect of pushing one to two million children into poverty as a result of H.R. 4 enabled child advocacy groups to delay its passage (Rogers-Dillon, 2004).

The reconciliation bill H.R. 4 also gutted the Earned Income Tax Credit (EITC) which President Clinton found unacceptable (DeParle, 2004). Moynihan, a major architect of the widely discussed but ultimately failed Family Assistance Plan of the Nixon administration and of the Family Support Act of 1988 in the Reagan administration, this time found no cosponsors for his alternative welfare reform proposal introduced on June 5, 1995 as the Work First and Personal Responsibility Act of 1996 (S. 1841) that, in effect, would have provided more money for the JOBS program. President Clinton, however, had additional reservations about H.R. 4 which were sufficient to justify and sustain his veto. In particular, the $60 billion in budget cuts in the reconciliation bill were too steep, especially for programs such as foster care and adoption assistance, help for disabled children, legal immigrants, Food Stamps, and school lunches, which he maintained at that time had no place in a welfare reform measure. As Heclo (2001, p. 193) noted, H.R. 4 may have signaled legislative overreach by Congressional Republicans to erode the broader safety net of social welfare provisions which President Clinton found objectionable.

Defending decisions to grant waivers for demonstration projects and reflecting on his vetoes of welfare reform legislation, President Clinton again highlighted the link between personal responsibility and the dignity of work as requisites to overhaul the welfare system. In what Bernstein (1996) characterized as a formulaic campaign-style manner and Yardley (1996) as rhetorical excess, President B. Clinton (1995, pp. 66–67) wrote:

> During the past three and a half years, we helped states create what the *New York Times* called "a quiet revolution on welfare." With little fanfare and no new legislation, we cut the red-tape and approved welfare-to-work projects for some forty states and covering 75 percent of the people on welfare in this country. We imposed time limits, required work, required teen mothers to stay in school, and established much tougher enforcement of child-support orders, including enforcement across state lines.
>
> And it has worked. There are 1.3 million fewer people on welfare today than when I took office. Food stamp rolls are down by more than two million. A few years ago, at a hearing, I asked a woman from Arkansas who had gotten off welfare what was the best thing about it. She looked me in the eye and said, "Now when my son goes to school and people ask him, 'What does your mother do for a living?' he can give an answer." You can't put a dollar figure on the pride behind that answer, or the positive impact it has on a child.
>
> The look on that woman's face is one reason why I worked continuously with Congress to try to reach agreement on legislation that would completely overhaul welfare nationally. I rejected two flawed bills Congress brought to my desk because they did not meet the basic test of responsible welfare reform: to be tough on work and responsibility, but not tough on children and parents who are responsible and want to work.

3.2.3 The Tide Turns

3.2.3.1 Republicans Take Control of Congress

The Clinton administration bill died in 1996 when Republicans took control of Congress for the first time since the 83rd Congress between 1953 and 1955 when Senate Republicans outnumbered Democrats 48–47 and House Republicans outnumbered Democrats 221–213. Democrats had regained control of the House in the 84th Congress and held it through the 103rd Congress, while in the Senate Democrats also regained the majority in the 84th Congress, but lost it to the Republicans with the advent of the Reagan administration in the 97th through 99th Congresses from 1981 through 1987. In the 103rd Congress between 1993 and 1995, Democratic Senators outnumbered Republicans 57–43, while House Democrats outnumbered Republicans 258–176. In the 104th Congress between 1995 and 1997 Republican Senators outnumbered Democrats 52–48, while House Republicans outnumbered Democrats 230–204 (U.S. House Office of the Clerk, n.d.; U.S. Senate, n.d.). Republicans came to Congress armed with their *Contract with America*, initially presented by Republican House candidates lead by Newt Gingrich (GA) and Dick Armey (TX) on September 27, 1994 (Gillespie & Schellhas, 1994; Moore, 1995; Plotke, 1995).

3.2.3.2 The Republican Contract with America

Many of the ideas and proposals expressed in the *Contract* had been previously developed by Republicans over the years working together in task forces and other quasi-legislative groups in cooperation with lobbying organizations outside Congress, such as the Republican Governors Association, the Heritage Foundation, and Empower America, a conservative think tank founded in 1993 by William Bennett, the US Department of Education Secretary in the Reagan administration and "drug czar" in the G.H.W. Bush administration (Haskins, 2006). The ten legislative goals enumerated in the *Contract* focused on cutting taxes, balancing the federal budget, and reducing the federal role in social welfare provision. Although the *Contract* had little impact on the Republican electoral victory to the 104th Congress, it nonetheless helped shift the terms of public debate to the right, taking the Clinton administration along with it (Heclo, 2001, pp. 190–191). As DeParle (2004, pp. 131–132) noted, however, this rightward shift inverted debates about poverty and welfare. Where President Reagan had attacked poor people for abusing welfare programs (high-living welfare queens), Gingrich and other House Republicans attacked the programs for abusing poor persons (12-year-old children having babies and receiving welfare). Although Democratic stalwarts; such as, Daniel Patrick Moynihan, decried the strategy as "Orwellian perversion," he noted its reach – even the Democratic caucus spoke of "liberating" and breaking the chains of poor persons whose primary source of income was AFDC. The notion of ending welfare became synonymous with liberating poor from government programs and portended the "compassionate conservatism" that characterized the presidential campaign and first term of the George W. Bush administration (Bush, 2000; Edelman, 2001; Fishman, 2007; Ponnuru, 2004).

In regard to welfare reform, the *Contract* committed House Republicans "to drastically change" the structure of AFDC payments by promising to introduce within the first 100 days of a Republican Congress a bill they dubbed the Personal Responsibility Act under which mothers under 18 would no longer receive AFDC payments for children born out of wedlock and allowed states to prohibit mothers 18, 19, or 20 years of age from receiving AFDC payments and household benefits. Among other things, House Republicans promised to permit states to drop families from receiving AFDC benefits after receiving welfare for 2 years if at least 1 year was spent in a work program. The most drastic change was mandating states "to drop families from the program after they have received a total of 5 years of AFDC benefits" (Gillespie & Schellhas, 1994, p. 66), a provision which in effect would end the entitlement nature of AFDC and a promise Congress fulfilled in 1996 (DeParle, 2004).

3.2.3.3 Other Legislative Initiatives Indicative of Ending Welfare as then Known

Indicative of the shift in welfare-related debates that accompanied House Republicans and the *Contract* was a component of the Social Security Amendments of 1994 (P.L. 103-432), known as the Welfare Indicators Act of 1994. This mandated that the Federal Government measure and report welfare receipt. Echoing Robert Rector (1993) of the Heritage Foundation, Congress, in effect, established welfare caseload reduction; that is, decreased welfare dependency, rather than poverty or income inequality reduction as a major social problem that needed to be remedied. The Welfare Indicators Act of 1994 specifically delineated two policy goals:

> (1) it is the policy and responsibility of the Federal Government to reduce the rate at which and the degree to which families depend on income from welfare programs and the duration of welfare receipt, consistent with other national goals;
>
> (2) it is the policy of the United States to strengthen families, to ensure that children grow up in families that are economically self-sufficient and that the life prospects of children are improved, and to underscore the responsibility of parents to support their children.

The Welfare Indicators Act of 1994 covered several means-tested programs: (a) AFDC, (b) Food Stamps, (c) Supplemental Security Income (SSI), and (d) any general assistance programs administered by State and local governments. In addition to gathering such information about the rate and degree to which families were dependent on income from these programs, Congress also wanted to know about the duration of such dependency, predictors and causes of welfare receipt, and patterns of multiple program use. Although the Welfare Indicators Act of 1994 was silent in regard to what constituted dependency per se, the Advisory Board deemed a family dependent on welfare if more than 50% of its total income in a 1-year period came from AFDC/TANF, Food Stamps, and/or SSI, and this welfare income was not associated with work activities (U.S. Department of Health and Human Services and Administration for Children and Families, 2007). Annual reports with legislative recommendations addressing rate, degree, and duration of welfare use were mandated. Haskins (2001, p. 120) bluntly described the shift from liberal to conservative welfare reform policy goals as follows:

> The goal of liberal social policy is to use government welfare payments to make the poor better off, especially by raising them above some defined but constantly rising cutoff such as the poverty line or by decreasing the difference in income between the rich and poor. Conservatives utterly reject the goal of redistributing income to bring the poor closer to the rich and focus attention instead on how people get their money, not how much of it they have. Starkly put, many conservatives think welfare reform would be a great success if every poor person in the nation had exactly as much money after as before welfare reform on the single condition that after reform the poor earned most of their own money rather than getting it from taxpayers through government transfers.

3.2.4 The Personal Responsibility and Work Opportunity Reconciliation Act of 1996

3.2.4.1 The End of the AFDC Program, Welfare as It Was Known

Six months after he vetoed H.R. 4, President Clinton (1996b) noted that the 104th Congress had made "considerable bipartisan progress toward real welfare reform" with many of the proposals to which he had objected removed and improvements requested put in, such as provisions for health and child care. Within a week, however, both houses of Congress approved the reconciled bill H.R. 3734 by a vote of 328–101 in the House and of 78–21 in the Senate; President Clinton signed the PRWORA of 1996 (P.L. 104-193) on August 22. PRWORA effectively fulfilled President Clinton's campaign promise to end welfare as we know it, but in a way that neither he nor his administration's key welfare reform architects, including David Ellwood, Mary Jo Bane, Peter Edelman, and Wendell Primus, had intended. Rather, many of the provisions were strikingly similar to what House Republicans had promised 2 years earlier in their *Contract with America*. PRWORA capped federal welfare spending to the states and limited federal cash assistance to 5 years maximum, while permitting states to end it sooner, thereby ending the entitlement aspect of federal cash assistance to poor persons and their families. Ellwood (1996), who had left the Clinton administration to become Dean of the John F. Kennedy School of Government at Harvard University, clearly indicated that "two years and you're off," a mantra Clinton used while campaigning for president and a component of WRA, had come to imply "no help at all after two years," but that this was "never what was intended." Within a month from the signing of PRWORA, Mary Jo Bane, Peter Edelman, and Wendell Primus resigned their positions with the Clinton administration (Acts of Principle, 1996).

3.2.4.2 Provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996

Title I: Creation of TANF

PRWORA encompassed nine titles that departed markedly from prior law and went beyond the AFDC population (Haskins & Blank, 2001, Table 1-1, pp. 8–11; U.S. Department of Health and Human Services and Office of the Assistant Secretary for Planning and Evaluation, 1996). Title I replaced AFDC with the TANF program. The AFDC, Emergency Assistance (EA), and JOBS programs were combined into a single capped entitlement to states. The total cash assistance block grant was estimated at $16.4 billion for each year from FY 1996 to FY 2003, with states receiving a fixed amount based on a formula that took into account prior expenditures for AFDC, EA, and JOBS. States were permitted to carry over unused grant funds to subsequent fiscal years and they were mandated to maintain 80% of FY 1994 state funding on AFDC and related programs, including JOBS, EA, and child care. TANF programs had to be operational by July 1, 1996. In striking contrast to AFDC which guaranteed benefits to eligible individuals for as long as they were deemed eligible, PRWORA made no provisions for individual guarantee of benefits and deemed ineligible for federally funded cash aid families who had received federally funded assistance for 5 cumulative years or less at state option.

Title I: Work Requirements

Title I of PRWORA required states to demonstrate that they require families to work after 2 years on assistance and set work participation rates for single-parent families at 25% in FY 1997, increasing to 50% by FY 2000 and for two-parent families from 75% to 90% by FY 1999. Work hours were also specified for single-parent and two-parent families, 20 and 35 h/week, respectively, with some exemptions for single parents with children under 6 years who could not find child care. Work activities included unsubsidized or subsidized employment, on the job training (OJT), work experience, community service, up to 12 months of vocational training, or providing child care services to individuals who were participating in community service. Up to 6 weeks of job search were also permitted, although states with unemployment rates 50% above the national average could count up to 12 weeks. No more than 20% of the caseload was permitted to count vocational training toward meeting the work requirement. Unlike AFDC which had no provisions for persons convicted of drug-related crimes, those so convicted after the date of enactment were prohibited for life from receiving benefits under the TANF and Food Stamp programs. States were penalized with a percentage reduction of their block grants for, among other things, failure to meet work participation rates, to submit required reports, for misuse of funds, and poor performance with respect to child support enforcement (CSE). Unmarried minor parents were required to live with an adult or in an adult-supervised setting and participate in educational and training activities in order to receive Federal assistance. Bonuses were provided to states which exceeded work requirement provisions. Title I made no provision for family caps which by default was left to the states to impose if they so chose.

Title I: Provisions Reflecting the Political Clout of the Christian Right

Other provisions in Title I included bonuses to states demonstrating decreased out-of-wedlock births and abortions from a prior 2-year period, Medicaid retention, and transitional Medicaid coverage when earnings would have resulted in the loss of coverage under the prior law. President W.J. Clinton (1995, August 9), the politically active Christian right (Heclo, 2001; Reed, 1996; Watson, 1997), and other social conservative intellectuals (e.g., Murray, 1993) advanced the idea that family-value issues such as out-of-wedlock births in general and among teens in particular was a major social problem that welfare reform should address. Family formation, however, never received the programmatic attention that states gave to work requirements. This was due in part, because of public ambivalence about the matter and lack of known successful programs to address the issue (Mead, 2001; Weaver, 2000). Also reflecting the political clout of the Christian right, Section 104 of Title I required states and local governments to include faith-based organizations when purchasing services from nongovernmental sources. This “charitable choice” provision signified a new relationship or partnership between religious organizations and public welfare. Local church groups would no longer be denied access to government funds simply because of their association with religious activities (Carlson-Thies, 2001; Heclo, 2001; Wineberg, Coleman, Broddie, & Cnaan, 2008).

The Remaining Eight Titles Tangentially Related to TANF Provisions

The remaining provisions of PRWORA had little or no impact on TANF provisions of Title I per se. Title II, for example, provided a new definition of disability for children to determine eligibility for the SSI program which was created in 1972 and removed such children from the AFDC rolls. Title III mandated states to operate a Child Support Enforcement (CSE) program meeting federal requirements in order to be eligible for TANF. Recipients were required to sign rights to child support and cooperate with paternity establishment efforts, penalizing those who refused by reducing their cash assistance by at least 25%. Title IV restricted welfare and other public benefits; such as, Food Stamps and Medicaid to immigrants. Title V contained child protection provisions in regard to foster care, abuse, and neglect. Title VI provided a separate allocation specifically for child care, but eliminated the child care guarantee for working AFDC recipients, those participating in JOBS or state-approved training or education programs, as well as for up to 1 year during transition off welfare due to employment. Single parents with children under 6 years who could not find child care were exempt from engaging in work activities. Title VII availed child nutrition programs to individuals eligible for free public education benefits under state or local law regardless of citizenship or immigrant status, while giving states the option to determine whether to provide Women, Infants and Children Program (WIC) benefits and other nutritional benefits to illegal immigrants.

Title VIII denied Food Stamps to most legal immigrants until citizenship. Also, it established a new work requirement under which nonexempt 18–50 year olds with no dependent children responsibilities were ineligible to receive Food Stamps after 3 months within a 36-month period unless they were working or participating in a workfare, work, or employment and training program. Title IX contained several miscellaneous provisions: (a) one establishing spending levels for the Social Services Block Grant, (b) another allowing states to perform drug tests on recipients and to sanction those testing positive, and (c) the third providing funds for states to provide abstinence education with the option of targeting the funds to high-risk groups; that is, those most likely to bear out-of-wedlock children. PRWORA had an expiration date of October 1, 2002 (U.S. Department of Health and Human Services and Office of the Assistant Secretary for Planning and Evaluation, 1996).

3.3 The Impact of PRWORA on Welfare Caseloads

With full implementation of TANF provisions under PRWORA by July 1997, the gradual decrease in welfare caseloads that had begun in 1994 from previous years continued more markedly. At the end of fiscal year 2001, the average monthly number of TANF recipients was 5.5 million, or 56% lower than the AFDC caseload in 1996 (U.S. Department of Health and Human Services and Administration for Children and Families, 2002). From its peak of 14.4 million in March 1994, the number dropped by 63.2% to 5.3 million in September 2001. As a percentage of the US population, the caseload had reached its lowest point, about 2%, since the 1960s. Caseloads dropped by more than 70% between fiscal year 1996 and 2001 in 8 states (Colorado, Florida, Idaho, Illinois, Louisiana, Mississippi, Wisconsin, and Wyoming) and between 40% and 70% in 35 states. A robust economy with relatively low unemployment rates, ranging from 5.6% in 1996 to 4.0% in 2000 before increasing to 4.7% in 2001, and (as noted in Chap. 4) expansion of the EITC program contributed to the decline in TANF caseloads, with 7.2 million persons having left the welfare rolls between fiscal years 1996 and 2001. Also contributing to the decline was a U.S. Department of Health and Human Services and Administration for Children and Families (1999) ruling that permitted states to use TANF funds for certain types of assistance without time limits and other strictures under the TANF block grants (Gais & Nathan, 2001). Of 23 states that provided these "diversion benefits" for short-term assistance; such as, emergency needs for car repairs or long-term assistance for child care or education and training, 15 did not count this assistance toward the TANF time limits (State Policy Development Project, 1999).

Caseload reduction was accompanied by a decline in child poverty and an increase in single-mother employment. The child poverty rate dropped from 22.2% in 1995 to 15.6% in 2000, with the related number of children decreasing from 14 million to 11 million, respectively. The percentage of single-mother employment increased from 64.0% in 1995 to 75.5% in 2000 (Falk, Gish, & Solomon-Fears, 2005). Caseloads continued to decline until reported notable increases in 2008, with unemployment rates ranging from a low of 4.6 in 2006 and 2007 to a highs of 6.0 in 2003 and 5.8 in 2003 and 2008 (As Economy Slides, 2008; U.S. Department of Labor and Bureau of Labor Statistics, n.d.).

3.4 TANF Reauthorization

3.4.1 Planning for the Reauthorization from the Get-Go

PRWORA was due for renewal by October 1, 2002 by which time George W. Bush was President of the USA and the 107th Congress was in session. Even before G.W. Bush became President, however, concerns about and recommendations for reauthorization were plentiful and a general consensus emerged about needed changes in light of state experiences with TANF between 1996 and 2002 (Armacost, Laracy, & Phillips, 2001; Haskins & Blank, 2001). Looking ahead at the time for reauthorization, for example, Mark Greenberg (2000), Senior Staff Attorney at the Center for Law and Social Policy, informed a bipartisan welfare reform seminar of Senior Congressional and administrative staff that greater attention needed to be paid to working poor families, not only TANF recipients and leavers, but also those who never received such assistance but whose income failed to reach poverty levels given their respective family size. In addition, more attention should be paid to circumstances of families receiving TANF, especially in regard to employment barriers. Greenberg noted the precipitous 43% decline in welfare caseloads, including a 47% decline in the number of poor children recipients, as well as the 60% of families who left TANF and were employed. To support his recommendations despite these gains, Greenberg also noted that wages of employed TANF leavers, although above the minimum wage, were below poverty thresholds but still higher than employed mothers in other low-income families (see CLASP, 2001).

More detailed considerations for reauthorization followed (Bernstein & Greenberg, 2001; Greenberg et al., 2002). Most states wanted to continue receiving funding at existing levels, despite reduced caseloads and to increase their flexibility of how to spend that money – for example, to allocate more block grant money to child care for TANF recipients as well as to other low-income families eligible for child care services from other legislation. Among other things, political liberals wanted the reduction of child poverty built into the law. They also wanted an end to restrictions on education and training for families receiving assistance, and they wanted to address barriers to employment, including the use of transitional jobs programs for those with little or no work experience. Political conservatives wanted to impose new requirements on states to promote marriage and, concomitantly, to reduce block-grant funding to states (Greenberg, 2002).

3.4.2 Salient Issues Under Consideration for Reauthorization

As the 107th Congress began its deliberations in 2002, six issues were deemed most important considerations for reauthorization of TANF: (a) purpose, (b) funding, (c) time limits, (d) sanctions, (e) "work first" strategies, and (f) impacts of recessions (Peterson, 2002). Regarding purpose caseload reduction competed with poverty reduction, especially among children, and with promoting marriage and two-parent families. The number of children in poverty, which had declined from 15 million in 1993 to 11.2 million in 2001, increased for the first time in nearly a decade to 11.6 million in 2002 (U.S. Census Bureau, 2009b). The number of children under 18 years of age in poor female-headed households increased to 6.6 million in 2002 from 6.0 million in 2000; over half of the children in poverty (56.4%) in 2002 lived in female-headed households (U.S. Census Bureau, 2009a). Funding reduction to reflect caseloads competed with sustained or increased funding to provide more services for the hard-to-employ and/or the broader population of low-income families. Restructuring time limits to provide more flexibility for working TANF recipients (i.e., stopping the clock when the parent is employed, caring for young children, or going to school) competed with increasing exemptions for parents with serious barriers to employment (such as caring for a chronically ill or disabled child or experiencing domestic violence). National sanctions to offset arbitrary state-level sanctions competed with requiring states to provide more services to prevent sanctions. The "work first" approach competed with an expanded definition of work activities to allow for more education and training. A final issue was how TANF would operate in a recession with a basic structure (block grant funding and time limits) that fails to account for the impacts of an economic downturn.

3.4.3 G.W. Bush Administration Goals for Reauthorization

On February 26, President G.W. Bush (2002) announced four goals of legislation that his administration planned to introduce in regard to welfare reform reauthorization: (a) strengthening work requirements, (b) promoting strong families, (c) giving states more flexibility, and (d) showing compassion to those in need. Strengthening work meant requiring states to have 70% of welfare recipients working within 5 years, "so that more Americans know the independence and dignity of work." He also wanted welfare recipients to spend at least 40 h/week at work or preparing for work – up to 2 days a week would be permitted for education or job training. Adolescent mothers would be able to meet the work requirement by attending high school. President G.W. Bush (2002) promised "unprecedented support to strengthening marriages," proposing to make available up to $300 million a year to support innovate and effective programs. He also proposed $135 million for "abstinence education programs in an effort to reduce teen pregnancies and sexually transmitted diseases." States would also be given the flexibility to redesign how federal job training, child care, and other programs operated under their jurisdiction in order "to build a network of assistance for low-income families." In regard to showing compassion President G.W. Bush supported legislation "that encourages charitable giving and ends discrimination against faith-based organizations that compete for contracts to provide social services to people who need help." In addition, President G.W. Bush maintained the capped amount of federal block grants at about $17 billion a year for 2003–2007. On March 15, 2002 Representative Deborah Pryce (R-OH) introduced into Congress a bill (H.R. 4737), The Personal Responsibility, Work, and Family Promotion Act of 2002, closely adhering to what President G.W. Bush had outlined in his welfare reform address on February 26. The House of Representatives passed H.R. 4737 on March 16 by a vote of 229–197 and was received in the Senate the same day. The Senate Finance Committee approved an amended bill which was placed on the Senate Legislative Calendar on July 25 but no further action on the bill was taken.

3.4.4 Reauthorization Delays

The G.W. Bush administration's goals and H.R. 4737 shifted the debate and posed five specific problems that stymied reauthorization of PRWORA until 2006 (Greenberg, 2002). First, states would be forced to run large-scale "workfare" programs, compelling families to work without pay for their welfare grants each month. Workfare was a less costly alternative to subsidized jobs for those unable to find paid employment. Second, the new rules limiting full-time participation to a maximum of 3 months would make it more difficult for states to provide access to viable education and training programs. Third, it would be more difficult for states to provide individualized plans for families with serious employment barriers because after 3 months, related activities would be in addition to the 24-h of direct work. Fourth, states would have increased incentive to cream TANF clients, cutting off those who would make it difficult to achieve participation rates. Finally, the G.W. Bush administration proposal shifted the central focus of state programs from efforts to help people find jobs toward bureaucratic functions of counting, tracking, and verifying monthly hours of participation. Whatever consensus had emerged between 1996 and 2002 about prospects for welfare reform reauthorization apparently evaporated: The 108th session of Congress passed three separate 1-year extensions of PRWORA, the first on January 7, 2003 (P.L. 108-40), another on January 20, 2004 (P.L. 108-262), and the third on September 30, 2004 (P.L. 108-308). Representative Deborah Pryce (R-OH) reintroduced her bill into the 108th Congress as The Personal Responsibility, Work, and Family Promotion Act of 2003 (H.R. 4), only to have it suffer the same fate – passage by the House and stymied with some modifications in the Senate Finance Committee.

The differences between the two bills, the one passed by the House and the one that languished afterward in the Senate Finance Committee, highlighted some of the more contentious issues in the reauthorization debates (Burke & Falk, 2005). In regard to funding, the House version of H.R. 4 extended the then current law providing matching grants to states experiencing high and increased unemployment rates and Food Stamp caseloads. The Senate Finance Committee version of H.R. 4 eliminated requirements that states expend additional money to access contingency funds. Instead, it based extra funding on the cost of increased caseloads for states that met revised unemployment and Food Stamp caseload criteria. Both bills increased from 50% to 70% the work participation rate of TANF families with an adult or minor household head and both bills eliminated the 90% participation requirement for two-parent families. Both bills also increased the minimum hours required of family members to be considered full participants, although the House raised them more than the Senate. The bills differed in the activities countable toward the participation standards. The House version narrowed the list countable, requiring recipients to spend at least 24 h in work, community service, or work experience programs for a short period (usually 3 months) when states may define what counts as activities. The Senate Finance Committee version kept all activities on the current law list and also allowed states to count activities on an expanded list for 3 months in most cases and for 6 months in some circumstances.

3.4.5 TANF Reauthorized with Modest Changes

In the 109th Congress, House Republican leaders' bill H.R. 240, essentially H.R. 4 of the previous Congressional session, received approval from the Ways and Means Committee Subcommittee on Human Resources. The Senate reported their bill S. 667 (S. Rept. 109-51), also essentially the same as the Finance Committee version of H.R. 4 from the previous Congressional session (Falk, 2005). When reauthorization finally occurred on February 8, 2006, it did so as part of Title VII, Human Resources and Other Provisions, of the Deficit Reduction Act of 2005 (P.L. 109-171). Block grants to states remained capped block grants at $16 billion per year, with contingency grants at $2 billion per year and funding for child care also set at $2 billion per year (CWA, 2006). Work participation rates increased by 5% per year, starting at 50% in 2006 and reaching 70% in 2010. The out-of-wedlock bonus granted to states with the greatest reductions of out-of-wedlock births without increasing abortion rates was replaced by grants for the Healthy Marriage Promotion and Responsible Fatherhood Program. The law authorized the Secretary of HHS to offer competitive grants to public and private entities to use TANF funds to promote the following activities: (a) public advertising campaigns on the value of marriage, (b) education in high school on the value of marriage, relationship skills and budgeting, (c) premarital education and marriage skills training for engaged couples and those interested in marriage, (d) marriage enhancement and skills training programs for married couples, (e) divorce reduction programs that teach relationship skills, and (f) programs to reduce disincentives to marriage in means-tested aid programs, if offered in conjunction with any of the previously mentioned activities. The 5-year cumulative lifetime limit for federal TANF cash assistance was retained, and states were still permitted to exempt up to 20% of their cases from this limit (U.S. Department of Health and Human Services and Administration for Children and Families, 2007). PRWORA was reauthorized through September 30, 2010.

3.5 Summary

The chapter highlighted the moral or normative overtones that linked public assistance to work effort that had come to characterize the rhetoric of welfare reform for Democratic and Republican lawmakers alike, especially after Republicans took control of Congress after the 1994 elections. The chapter highlighted the use of waivers enabling states to create demonstration projects that made work-related activities a requisite for cash assistance. It reviewed competing welfare reform proposals and showed that many of the provisions that were enacted in PRWORA of 1996 were incorporated in the Republican *Contract with America*, which provided the ideological glue cementing the Republican take-over of Congress.

The chapter reviewed the creation of TANF which ended the entitlement nature of federal cash support for poor individuals and their families, primarily low-income mothers and their children, laid out the work requirements of PRWORA, and other provisions reflecting the social agenda of the religious right in the USA. The chapter also noted the shift from poverty and income inequality reduction to caseload reduction as the primary social problem that warranted public attention and welfare reform. The chapter concluded with considerations that guided the initial reauthorization of PRWORA originally scheduled for 2002. As finally enacted in 2006, the reauthorized PRWORA increased work participation rates by 5% per year, starting at 50% in 2006 and reaching 70% in 2010. The prospect of reaching these rates was deemed doable in light of, among other things, the expansion of the EITC throughout the 1990s, a subject of Chap. 4.

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Chapter 4
Women's Employment and EITC Expansion

4.1 Overview

This chapter examines women's employment and expansion of the Earned Income Tax Credit (EITC) program. Section 4.2 highlights changes in women's labor force participation since the 1970s in light of marital status, presence of children, and presence of very young children; namely, those 3 years of age or younger. The increasing proportions of such mothers in the labor force suggested that working mothers had become the norm and that government efforts should be directed at assisting nonworking mothers in such a way as to increase and sustain their labor force attachment. This sociodemographic and normative backdrop undergirded discussions of welfare reform in the 1990s, the subject of Chap. 3, and of expanding the EITC program, a subject of this chapter.

Section 4.3 highlights the expansion of the EITC program. It shows how EITC works. This chapter distinguishes the EITC program from other means-tested programs and also compares it to other tax expenditure programs. Section 4.4 discusses the shift from direct expenditure social welfare provisions, exemplified by the Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF) programs, to reliance on the tax code, exemplified by the EITC program, forming a "hidden" part of the welfare state.

4.2 Women's Employment

4.2.1 Labor Force Participation and Marital Status

Women's labor force participation increased dramatically from 1970 to 1981. In 1970, 31.5 million women 16 years of age or over constituted the female labor force, with a participation rate of 43.3% (Statistical Abstract of the United States, 1997a). A majority of these women (58.6%) were married, with a labor force participation rate of 40.5%; nearly one quarter (23.0%) were single, with a labor force participation rate of 56.8%; and the remainder were widowed, divorced, or separated,

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with a labor force participation rate of 40.3%. By 1981, the first year of the Reagan administration, 46.7 million women 16 years of age or over constituted the female labor force, with a participation rate of 52.1%. A slightly smaller percentage of these women (54.5%) were married than in 1970, but with a labor force participation rate increasing to 50.5%. Further, more than one quarter (26.0%) were single, with a labor force participation rate increasing to 64.5%; and the remainder were widowed, divorced, or separated, with a labor force participation rate increasing to 46.6%.

When the Family Support Act was passed in 1988, the number of women 16 years of age or over who constituted the female labor force had increased to 54.7 million, with a participation rate also increasing to 56.6% (Statistical Abstract of the United States, 1997a). The proportion of female labor force participants who were married remained about the same (54.7%), with a labor force participation rate, however, increasing to 56.7%; the proportion of singles remained the same (26.0%), with a labor force participation rate increasing slightly to 66.7%; and the proportion of labor force participation of widowed, divorced, or separated women decreased slightly to 46.2%. In 1996, after expansion of the EITC and passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) during the Clinton administration, 61.9 million women 16 years of age or over constituted the female labor force, with a participation rate reaching a high of 59.3%. The proportion of female labor force participants who were married declined slightly to 54.3%, with their labor force participation rate increasing to 61.2%; the proportion of singles also declined slightly to 25.6%, with a labor force participation rate increasing even further to 67.1%; and the remainder were widowed, divorced, or separated, with a labor force participation rate increasing to 48.1%.

4.2.2 Labor Force Participation Among Mothers

Between 1970 and 1996 notable labor force participation rate changes also occurred among women with children, particularly those with young children (Statistical Abstract of the United States, 1997b). The labor force participation rate of married women in 1970 was 40.8%, compared to 49.2%for those with children between the ages of 6 and 17, and 30.3% for those with children under age six. The labor force participation rate of single women in 1970 was 53.0%. No data were available for single mothers with children. The labor force participation rate of widowed, divorced, or separated women in 1970 was 39.1%, compared to 66.9% for those with children between the ages of 6 and 17, and 52.2% for those with children under age six. By 1980, the labor force participation rate of married women had increased to 50.1%, to 61.7% for those with children between the ages of 6 and 17, and to 45.1% for those with children under the age of six. The labor force participation rate of single women in 1980 increased to 61.5% compared to 67.6% for those with children between the ages of 6 and 17, and to 44.1% for those with children under the age of six. The labor force participation rate of widowed, divorced, or separated women in 1980 increased to 44.0%, to 74.6% for those with children between the ages of 6 and 17, and to 60.3% for those with children under the age of six.

By 1988, the labor force participation rate of married women had further increased to 56.6%, to 72.5% for those with children between the ages of 6 and 17, and to 57.1% for those with children under the age of six (Statistical Abstract of the United States, 1992). The labor force participation rate of single women in 1988 increased to 65.4% compared to a slight decrease to 66.7% for those with children between the ages of 6 and 17 and a slight increase to 44.9% for those with children under the age of six. The labor force participation rate of widowed, divorced, or separated women in 1988 increased to 46.1%, to 77.5% for those with children between the ages of 6 and 17, and to 60.6% for those with children under the age of six.

By 1996, the labor force participation rate of married women had further increased to 61.1%, to 76.7% for those with children between the ages of 6 and 17, and to 62.7% for those with children under the age of six (Statistical Abstract of the United States, 1997b). The labor force participation rate of single women in 1996 decreased slightly to 65.2% compared to an increase to 71.8% for those with children between the ages of 6 and 17, and a further increase to 55.1% for those with children under the age of six. The labor force participation rate of widowed, divorced, or separated women in 1996 increased to 48.2%, to 80.6% for those with children between the ages of 6 and 17, and to 69.2% for those with children under the age of six.

4.2.3 Labor Force Participation Among Mothers with Very Young Children

One of the more pronounced increases in women's labor force participation occurred among those with children under the age of three. In March 1975, the first year of available national level data, the labor force participation rate of women with children under 3 years of age was 34.3% (U.S. Bureau of Labor Statistics, n.d.). By 1980, it had increased to 41.9%, by 1988 to 52.4%, and by 1996 to 59.0%. The labor force participation rate of women with children under 3 years of age peaked at 62.2% in 1998, and it stood at 60.1% in 2007.

4.3 The Earned Income Tax Credit Program

4.3.1 Expansion of the EITC Program

As noted in Chap. 1, Sect. 1.3.3.3, the EITC was enacted in 1975 as part of the Tax Reduction Act (P.L. 94-12) during the Ford administration and became permanent during the Carter administration as part of the Revenue Act of 1978 (P.L. 95-600). EITC matured as an antipoverty strategy during the Reagan administration as part of the Tax Reform Act of 1986 (P.L. 99-514) when Congress raised the maximum benefit, which had fallen by 35% in real terms, to the 1975 level, increased the phase-out level to near the 1975 level, and most importantly guaranteed the future integrity of the EITC by indexing it for inflation (U.S. Joint Committee on Taxation, 1987; Ventry, 2000). As Ozawa (1995) and Lang (1999) noted, the EITC was preferred to raising the minimum wage as an antipoverty strategy in part because it better targeted low-income household heads rather than low-wage earning students or teenagers, and it accounted for family size.

From 1975 through 1987 the number of EITC claimants ranged between 6,000 and 9,000; in 1988, more than 11,100 individuals claimed the credit (Hotz & Scholtz, 2003). By 2006, the most recent year of data available at the time of this writing, more than 23.0 million returns were filed claiming the credit, representing nearly 16.7% of all tax returns filed for that tax year and $44.4 billion in revenue lost to the US Treasury Department (Internal Revenue Service, n.d.). By contrast, for fiscal year 2006, net federal expenditures for TANF amounted to $13.6 billion, less than one third of revenue lost in calendar year 2006 due to the EITC (U.S. Department of Health and Human Services Administration for Children and Families, 2007). Total claimants climbed to 24 million in 2007 and appeared to surpass that with 23.7 million through August 31, 2008, with total costs increasing from $48 billion to nearly $50 billion, respectively (Internal Revenue Service, 2009b).

4.3.2 How the EITC Works

The EITC generally equals a specified percentage of wages up to a maximum dollar amount. As Table 4.1 shows, the credit rates, maximum credit amounts, phase-out ranges, and number of qualifying children have changed over the years (Tax Policy Center, 2009).

The maximum amount applies over a certain range of income and diminishes to zero over a certain income range. The EITC, thereby, has three ranges: (a) phase-in, (b) maximum credit, and (c) phase-out, each of which varies by the number of qualifying children in the family. In the phase-in range, the EITC acts as a wage subsidy – as the family earns more, the transfer increases, up to a maximum rate of 40%, which is sufficiently high to offset disincentive effects associated with a 15% Social Security tax rate and a 24% Food Stamp reduction rate. In the maximum credit range, the transfer remains constant regardless of earnings. In the phase-out range, the EITC acts like a negative income tax – as the family earns more, the transfer is reduced. While the phase-in range provides a work incentive, the maximum and phase-out ranges have work disincentives for some families (Committee on Ways and Means, 2004; Holtzblatt & Rebelein, 2000). A nonwage earning spouse in one-earner households, for example, would be discouraged from obtaining employment if the combined income in the phase-out level was less than that of the one-earner income plus the EITC benefit (Dickert-Conlin, Fitzpatrick, & Hanson, 2005).

Table 4.1 Earned Income Tax Credit parameters, select years, unadjusted dollars

Calendar year	Credit rate (%)	Minimum income for maximum credit	Maximum credit	Phase out rate (%)	Phase out range	
					Beginning income	Ending income
1975–1978	10	4,000	400	10	4,000	8,000
1979–1984	10	5,000	500	12.5	6,000	10,000
1985–1986	11	5,000	550	12.22	6,500	11,000
1988	14	6,240	874	10	9,840	18,576
1991						
One child	16.7	7,140	1,192	11.93	11,250	21,250
Two children	17.3	7,140	1,235	12.36	11,250	21,250
1993						
One child	18.5	7,750	1,434	13.21	12,200	23,050
Two children	19.5	7,750	1,511	13.93	12,200	23,050
1994						
No children	7.65	4,000	306	7.65	5,000	9,000
One child	26.3	7,750	2,038	15.98	11,000	23,755
Two children	30.0	8,425	2,528	17.68	11,000	25,296
1996						
No children	7.65	4,220	323	7.65	5,280	9,500
One child	34.0	6,330	2,152	15.98	11,610	25,078
Two children	40.0	8,890	3,556	21.06	11,610	28,495
2001						
No children	7.65	4,760	364	7.65	5,950	10,710
One child	34.0	7,140	2,428	15.98	13,090	28,281
Two children	40.0	10,020	4,008	21.06	13,090	32,121

(continued)

Table 4.1 (continued)

Calendar year	Credit rate (%)	Minimum income for maximum credit	Maximum credit	Phase out rate (%)	Phase out range	
					Beginning income	Ending income
2005						
No children	7.65	5,520	390	7.65	6,390	11,490
One child	34.0	7,830	2,604	15.98	14,040	30,338
Two children	40.0	10,750	4,300	21.06	14,040	34,458
2008						
No children	7.65	5,720	438	7.65	7,160	12,880
One child	34.0	8,580	2,917	15.98	15,740	33,995
Two children	40.0	12,060	4,824	21.06	15,740	38,646
2009						
No children	7.65	5,970	457	7.65	7,470	13,440
One child	34.0	8,950	3,043	15.98	16,420	35,463
Two children	40.0	12,570	5,028	21.06	16,420	40,295
Three children	45.0	12,570	5,657	21.06	16,420	43,279
2010						
No children	7.65	5,980	457	7.65	7,480	13,460
One child	34.0	8,970	3,050	15.98	16,450	35,535
Two children	40.0	12,590	5,036	21.06	16,450	40,363
Three children	45.0	12,590	5,666	21.06	16,450	43,352

Source. Urban-Brookings Tax Policy Center URL: http://www.taxpolicycenter.org/taxfacts/Content/PDF/historical_eitc_parameters.pdf

Prior to 2002, low-income taxpayers with a "married filing separate" status were ineligible for the credit. This policy created a bonus for two very low-wage workers with children because their joint return entitled them to a higher credit than would have been the case had they filed separately, given the eligibility and phase-out levels of the credit at the time of this writing (Ellwood, 2000; Holtzblatt & Rebelein, 2000). However, a two-earner couple with children and $35,000 of combined income was ineligible for the EITC if married, but eligible for a sizable credit if they did not marry, lived together, and raised a family. Although these two latter couples had similar income and family responsibilities, they were not treated the same under the tax code, violating the principle of horizontal equity; that is, the principle used to judge fairness in taxes, holds that taxpayers who have the same income should pay the same amount in taxes (Cordes, 1999; Kaplow, 1989). Many of the compliance problems that the IRS faced, and that were addressed in mid-to-late 1990s legislation, such as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193), the Balanced Budget Act of 1997 (P.L. 105-33) and the Taxpayer Relief Act of 1997 (P.L. 105-34), were a function of the same issue; namely, the relative treatment of single and married taxpayers. Achieving marriage neutrality, progressiveness, and equal taxation of couples with the same income was (and remains) a longstanding tax problem (Berlin, 2007; Bittker, 1975; U.S. General Accounting Office, 2004; U.S. Joint Committee on Taxation, 1998; Whittington & Alm, 2001).

In 2008, the minimum income for the maximum credit was $5,720 for individuals with no children, $8,580 for those with one child, and $12,060 for those with two or more children; the phase-out income range began at $7,160 for individuals with no children and $15,740 for those with children, and ended at $12,880 for individuals, $33,995 for those with one child, and $38,646 for those with two or more children (Tax Policy Center, 2009). It should be noted that unlike public assistance programs in some states, single-parent and two-parent families with similar income levels receive the same EITC benefit, and two-parent families with similar income levels receive the same EITC benefit regardless of whether one or both parents work (Greenspan & Shapiro, 1998). The three benefit formulas (for no children, one child, and two or more children) have remained in place since 1994 and the subsidy rates have stabilized, respectively, at 7.65%, 34%, and 40% since 1997 (Tax Policy Center, 2009). It should also be kept in mind that 23 states and the District of Columbia have implemented their own EITC programs, adding between 5% and 25% more credit above what is reflected in the present assessment of the Federal initiative (Levitis & Koulish, 2008).

It should also be noted here that the American Recovery and Reinvestment Act of 2009, which is discussed in Chap. 10, provided a temporary increase in EITC and expanded the credit for workers with three or more qualifying children. The temporary changes applied only to tax years 2009 and 2010. For tax year 2009, the minimum credit was $5,657 for workers with three or more qualifying children, $5,028 for workers with two qualifying children, $3,043 for workers with one qualifying child, and $457 for workers with no qualifying children. Earned income and adjusted gross income must be less than $43,279 ($48,279 married filing jointly) with three or more qualifying children, $40,295 ($45,295 married filing jointly) with two or more qualifying children, $35,463 ($40,463 married filing jointly) with one or more qualifying children, and $13,440 ($18,440 married filing jointly) with no qualifying children (Internal Revenue Service, 2009a).

4.3.3 The Earned Income Tax Credit Program Compared to Other Federal Welfare Programs

4.3.3.1 Distinguishing the EITC from Other Means-Tested Programs

An earnings requirement differentiates the EITC from other programs benefitting low-income persons and their families in the USA (U.S. Congress, 2004). Further, the EITC is the only refundable tax credit among the major means-tested programs in the USA (Caputo, 2009a). In addition to TANF, other means-tested programs include Food Stamps (since October 1, 2008 known as the Supplemental Nutrition Assistance Program or SNAP), Medicaid, Supplemental Security Income (SSI), subsidized child care, and housing vouchers. A refundable tax credit means that if the amount of the credit exceeds the taxpayer's Federal income tax liability, the excess is payable to the taxpayer as a direct transfer payment. Also unlike means-tested programs; such as, Food Stamps, there is no asset or wealth test associated with EITC. As previously noted in Chap. 1, Sect. 1.3.3.3 EITC was enacted in 1975 as part of the Tax Reduction Act (P.L. 94-12) to offset the burden of the tax on low-income working parents, and it became permanent during the Carter administration as part of the Revenue Act of 1978 (P.L. 95-600) (Anonymous, 1993; Ventry, 2000). The congressional mindset favoring the EITC in the 1970s coalesced in the context of debates about unsuccessful welfare reform initiatives that had embodied pro-work, pro-growth, and low-cost policies, notably the Family Assistance Plan of the Nixon administration, and the Program for Better Jobs and Income of the Carter administration.

4.3.3.2 Comparing the EITC to Other Tax Expenditure Programs

As a tax expenditure, the EITC functions like the deduction of home mortgage interest (HMI) and the exclusion of employer pension program (EPP) contributions from income, two of the largest (in terms of lost revenue) and best-known tax expenditures, neither or which, however, is means-tested. Both HMI and EPP preceded the New Deal legislation by several decades, with HMI incorporated into authorization of the federal income tax in 1913 and the EPP evolving from administrative rulings of the Treasury Department from 1914 and cemented in the Tax Revenue Act of 1926 (Caputo, 2006, 2007, 2009b; Howard, 1997). Like HMI and EPP, the EITC program forms part of what Howard (2007a, 2007b) refers to as the hidden welfare state under the jurisdiction of the Department of Treasury and Internal Revenue Service. As Weisbach and Nussim (2004) note, "hidden" need not mean unknown, as many homeowners are fully aware and partake of HMI. Tax expenditures, such as HMI and EPP, are not construed in the public mind as part of the US welfare state (Marmor, Mashaw, & Harvey, 1990). Nonetheless, people may perceive a reduction in taxes for engaging in specified activities differently from an identical direct grant: Tax reductions are equated with keeping their own money; whereas, an identical program that taxes them and gives the money back through programs or services may be perceived as a subsidy (Weisbach & Nussim, 2004, p. 970). In terms of lost revenue, the EITC falls within the top 25 tax expenditure programs since its expansion during the Clinton administration, but 10–15 times below that of the largest programs. For example, in 2000 revenue lost due to the EITC amounted to approximately \$5 billion vis-à-vis \$84.4 billion from EPP (U.S. Office of Management and Budget, 2002, Table 1, p. 3).

4.3.3.3 Refinements Reflecting Interaction of EITC with Other Federal Welfare Programs

Over the years, various refinements were made to reflect the interaction of the EITC with other federal welfare programs (Marguerite Casey Foundation, n.d., p. 24). The Technical Corrections Act of 1979 (P.L. 96-222) required that EITC payments be treated as income for AFDC and SSI recipients. The Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) required that welfare agencies assume that those eligible for both AFDC and EITC receive their EITC benefits through the advanced payment option; that is, receiving the credit in smaller periodic payments from their employers along with their pay instead of a one lump-sum payment after filing their tax returns (U.S. General Accounting Office, 1992). The Deficit Reduction Act of 1984 (P.L. 98-369) modified this position, requiring states to count EITC payments when determining the eligibility for AFDC benefits only when they could verify that EITC payments were actually received. The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) reversed these changes, providing that EITC payments are not counted toward determining AFDC eligibility. The PRWORA of 1996 (P.L. 104-93) allowed states to decide TANF treatment of EITC benefits, with virtually all states excluding EITC payments when calculating the eligibility for TANF benefits.

4.4 The Role of Direct vs. Tax Expenditures in Social Policy

4.4.1 Allocating Government Largesse Via the Tax Code: Competing Theories

Two leading theories addressing the question of how to allocate government largesse focus on tax policy – comprehensive tax base and tax expenditure (Weisbach & Nussim, 2004). Comprehensive tax base proponents (e.g., Surrey,

1958) argue that a broad tax base distorts economic decision making less than a narrow base and is similar to administer. To ensure as broad a tax base as possible, they suggest that spending and regulatory programs be assigned to other agencies or departments and *not* be implemented through the tax system. Integrating tax and spending programs through deductions, exclusions, or credits narrows the tax base and makes the system more complex. Tax expenditure proponents (e.g., Bittker, 1967; Yorio, 1987), on the other hand, posit among other things a functional equivalence of locating a program in the tax system or somewhere else. They contend that the prospect of eliminating preferences in the tax code is futile. A dollar spent to enhance job skills is a dollar less the government has whether paid out through a program administered by the Department of Labor or by the Internal Revenue Service (IRS). Tax provisions that shield taxpayer income (expansively defined to maximize tax revenue) from exposure to prevailing income tax rates are regarded as analogous to government expenditures (U.S. Congress, Joint Economic Committee, 1999).

At issue, as Weisbach and Nussim (2004) contended and Alstott (1995) examined, is whether the advantages of direct expenditure stand-alone programs outweigh those of tax expenditure programs. For example, TANF which, despite the bureaucratic indignities of welfare offices, has the advantages of testing for eligibility and for providing benefits as needed over short periods of time. EITC, despite less responsiveness to need due to reliance on an annual accounting period and potential inaccuracy in targeting due to the limited extent of audits, is simpler to administer given the infrastructure of the tax system. As a wage supplement, the EITC is not designed to be, nor can it be, responsive to those in dire need. Nor is it designed to be temporary since low-wage workers may remain that way for long stretches of time. And as Bernstein (2000) contended, although the EITC increases the supply of low-wage jobs, a policy outcome preferable to discourage job creation, it nonetheless suppresses the creation of higher wage jobs since it lowers and shifts the costs of maintaining an antipoverty wage from employers to taxpayers.

4.4.2 Tax Expenditures and the U.S. Budget

The US Department of the Treasury first published a list of tax expenditures in 1967 and the Congressional Budget and Impoundment Control Act of 1974 (P.L. 93-344) required the Administration to publish a list of tax expenditures with 5-year projections as part of its annual budget submission (Burman, 2003). The Act, however, did not specify guidelines for which provisions constitute tax expenditures and as a result those prepared by the Office of Management and Budget (OMB), which is located in the Executive Office Treasury Department, differ slightly from those prepared by the Joint Committee on Taxation (JCT), which is located in the Legislative or Congressional House Ways and Means Committee. JCT uses what is known as normal law in its baseline determination; whereas, OMB uses normal law, which has not been codified, and another baseline known as reference tax law (U.S. Office of Management and Budget, 2002). What constitutes the normative tax base for purposes of tax expenditures is a subject of continuing debate whose details go beyond the scope of this work but a summary can be found in Weisbach and Nussim (2004, pp. 972–982) who maintain that there "is no such thing as a normative tax base" (p. 976). Although most budget experts viewed the tax expenditure budget as a useful tool to manage the size and scope of the federal budget, tax expenditures were the subject of controversy with periodic formal appeals for greater scrutiny (e.g., U.S. General Accounting Office, 1994). In 2002, the G.W. Bush administration questioned the meaningfulness of the estimates, claiming they were "uncertain" and to no discernable avail promised an improved presentation "by consideration of alternative or additional tax bases" in future years (U.S. Office of Management and Budget, 2002, p. 95).

4.4.3 Contrasting Tax-Expenditure to Direct Expenditure Programs

HMI, EPP, EITC, and other tax expenditure programs; such as, corporate health benefits, are contrasted with more visible direct expenditure programs; such as, AFDC/TANF and Social Security under the Department of Health and Human Services or job training programs under the Department of Labor. Tax expenditure programs, such as the EITC, are financed out of general revenue rather than contributory payroll taxes and dedicated Trust Funds, as is the case with Social Security. They are structured as open-ended entitlements, that is, no annual ceiling is placed on "spending": Everyone who meets eligibility requirements is entitled to benefits. To the extent tax expenditures are targeted, they benefit affluent more than poor persons; namely, those who can afford to own homes or those whose employers provide such benefits as retirement plans and health insurance. The EITC is the major tax-expenditure exception in that it specifically targets low-income working persons, albeit primarily though not exclusively those with children. Despite the absence of payroll taxes and trust funds, there is no stigma attached to EITC benefits, which is the case for tax expenditures in general. Although policy makers and pundits have intermittently raised public ire about "corporate welfare" (e.g., Nader, 2000; Reich, 1994), they have not warned of "tax deduction dependency."

4.4.4 Use of Tax Expenditures to Achieve Social Policy Objectives

A definitive causal account of tax expenditures with social policy objectives still needs to be written (Holtzblatt, 2000; Hulse, 1998). Howard (1997), however, provides a useful guide to historical and political precedents, including the targeted jobs tax credit (TJTC), in addition to the EITC, HMI, and EPP. In an earlier work Howard (1995) showed that as a "policy tool" (Salamon & Lund, 1989), the growth of tax expenditures roughly paralleled that of direct expenditures in general from the mid 1960s when data for both types of programs were available. In addition, administrative complexity or degree of bureaucracy varied within each type with no net advantage of one over the other as far as policy tools go. Although considered automatic since implemented through the tax codes, some tax expenditure programs; such as, corporate pensions, are layered in regulations that make administration as difficult (if not more) as direct expenditure programs; such as, AFDC/TANF. A main difference between the two policy tools is that tax expenditure programs were easier to enact since they were often embedded in larger tax reform legislation, providing some empirical support to Weisbach and Nussim (2004) who contended that decisions to implement "nontax" programs through the tax system had little or nothing to do with tax policy per se. As previously noted this was the case with the EITC enacted in 1975 as part of the Tax Reduction Act of 1975 (P.L. 94-12) with barely a Congressional ripple and no public debate.

A unique feature built into the EITC was the option to advanced payment instead of a one lump-sum tax return. Advance payment had the advantage of providing cash to low-income workers who lived from paycheck to paycheck; thereby, enhancing its incentive effects. Few EITC participants, however, used this option, Howard (1995, p. 446) contended that this was in part because (a) many participants and their employers were unaware of it, (b) aware employers object to the additional paperwork, or (c) employees feared receiving too large a benefit and owing a tax at the end of the year. Advanced payments also created problems for the IRS since estimates indicated that about half who received the advance never file tax returns and about half of those who filed tax returns did not report the advance (U.S. General Accounting Office, 1992).

4.5 Summary

This chapter reviewed increasing women's labor force participation rates since the 1970s, especially among those who were married, mothers, and mothers with young children. By the 1990s, working mothers of young children had become the norm, demographically and normatively. This chapter highlighted the expansion of the EITC program. It showed how the EITC works and discussed idiosyncratic features of the program. This chapter distinguished the EITC program from other means-tested programs and compared it to other tax expenditure programs. The chapter concluded with a discussion of the shift from direct expenditure of social welfare provisions exemplified by the AFDC and TANF programs to reliance on the tax code, exemplified by the EITC program, forming a "hidden" part of the welfare state.

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Chapter 5
TANF and EITC: A Literature Review

5.1 Overview

This chapter examines Aid to Families with Dependent Children/Temporary Assistance for Needy Families (AFDC/TANF) and Earned Income Tax Credit (EITC) participation as AFDC transitioned into TANF over the study period. Figure 5.1 highlights the general trends in AFDC/TANF participation from the Reagan through G. W. Bush administrations and EITC participation, due to availability of data, from 1990 through the G. W. Bush administration.

Section 5.2 reviews the research on the welfare-to-work demonstration projects, which in effect enabled many states to learn what was needed to transition non-working mothers of young children into the labor market and to set up credible infrastructures and mechanisms for administering what became the TANF program. Section 5.3, the socioeconomics of post-TANF welfare, examines TANF recipiency and labor force participation from 1997 to the present. Studies, highlighting the effects of TANF on recipients, are presented. Sections 5.2 and 5.3 draw on related research conducted by MDRC (formerly known as the Manpower Demonstration Research Corporation), especially in regard to public assistance programs in general and barriers to employment in particular.

Section 5.4 reviews EITC-related literature and provides a profile of tax filers who participate in the program vs. eligible nonparticipants. Key issues examined in light of previous research include: the EITC take-up rate in general and stratified by sociodemographic characteristics; such as, education, ethnicity/race, gender, and marital status; effects of EITC on work effort, especially for single mothers; and the antipoverty effects of EITC.

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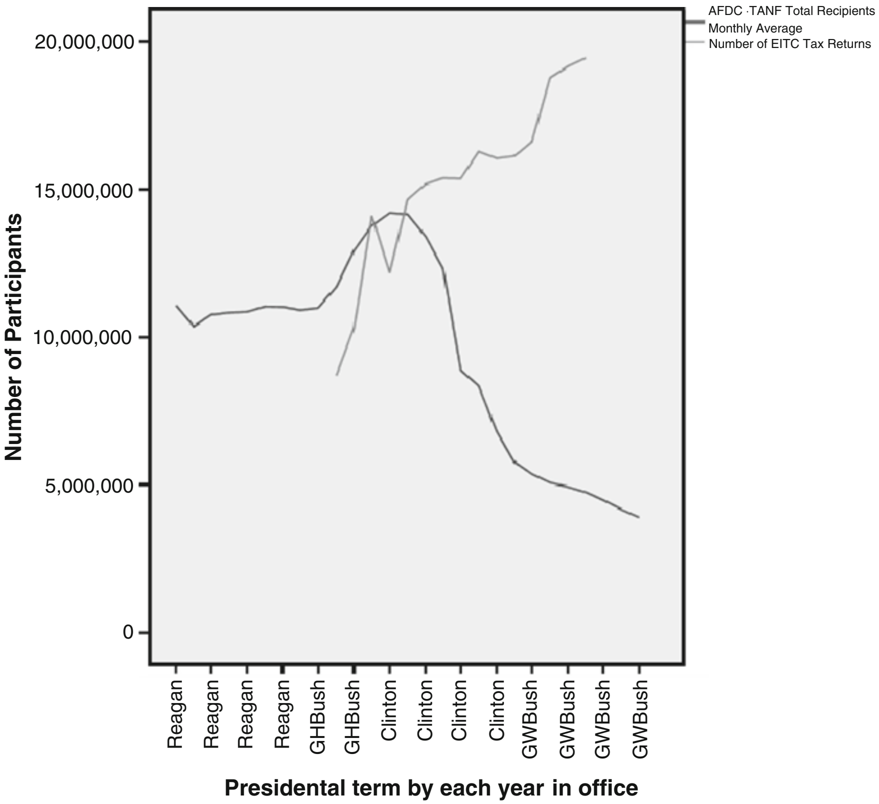

Fig. 5.1 AFDC/TANF and EITC Participation by Presidential Year in Office. Source: AFDC/TANF from http://www.acf.hhs.gov/programs/ofa/data-reports/caseload/caseload_archive.html; EITC from http://www.irs.gov/taxstats/indtaxstats/article/0,,id=96679,00.html#_grp1

5.2 Welfare-to-Work Initiatives and the Transition to TANF: 1988–1996

5.2.1 State Variation in Workfare Programs

Between 1989 when state welfare agencies were permitted to implement the welfare-to-work Job Opportunities and Basic Skills Training (JOBS) program and 1996 when the Family Support Act of 1988 (FSA) was superseded by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), federal and state governments spent approximately $8 billion on JOBS (Karier, 1996). Workfare, construed as programs requiring AFDC recipients to participate in (a) job search, education, and training, or (b) community work service in return for benefits (Paz-Fuchs, 2008), had gotten mixed reviews as a whole. Implementation varied with some states having more related experiences throughout the 1980s and drawing down greater percentages of allotted federal expenditures than did others (Hagen & Lurie, 1994). Maryland, Michigan, New York, Oklahoma, and Pennsylvania, for example, introduced welfare employment programs under the Work Incentive (WIN) Demonstration and Title IV-A of the Social Security Act. Only small adjustments were required to comply with FSA for these states and for all but New York they were operational in 1989 (Hagen & Lurie, 1992). States; such as, Mississippi, Tennessee, and Texas, however, had not introduced major welfare-to-work initiatives in the 1980s, preferring to keep AFDC benefits low in order to reduce welfare caseloads. Along with Oklahoma they were required to extend AFDC to two-parent families, and they delayed JOBS implementation until the mandatory date of October 1990, as did Oregon which had implemented a pilot program geared toward self-sufficiency in 1988. Michigan, New York, Pennsylvania, and Texas drew down 30–50% of federal entitlements, while low-expenditure states; such as, Mississippi and Tennessee, drew down less than 15%. Minnesota and Oklahoma received between 55% and 70% of their potential funds, while Oregon drew down nearly its full federal allotment.

An initial national review of state JOBS programs showed variation among states in terms of caseload size, training activities, and job placement services available to participants (Halter, 1994). In March 1991, surveys were sent to directors of JOBS programs in all 50 states, with 40 responses. Findings indicated that JOBS programs of most states were based on preexisting programs; such as, California's Greater Avenues for Independence (GAIN) program and New Jersey's Realizing Economic Achievement (REACH) while some created new programs; such as, Missouri's FUTURES. Of 38 states which provided information about caseload size by JOBS workers, nearly half (16) ranged between 51 and 100 cases, with an average of 83.9 cases per worker; nearly one fourth (8) ranged between 101 and 150 cases, with an average of 129 cases per worker. Job placement ranged from less than 1 to 30%, based on the number of participants in the program, rather than on only employable participants. The average hourly rate for all 27 states that reported this information was $5.78, with 11 states reporting less than $5.75. On the whole, however, adult AFDC participation in JOBS was negligible. Rector (1993) showed that among the 48 contiguous states in FY92, workfare participation as a percentage of adult AFDC recipients ranged from a low of 2.5 in Mississippi to a high of 31.5 in Nebraska, with only 13 states exceeding 10. By 1994 about 36,000 of five million adults on AFDC – less than 1% of the caseload – were in work or job search programs (Haskins, 2006).

5.2.2 Assessing Workfare Programs in Light of the Family Support Act of 1988

Rector (1993) also took issue with work-related programs' caseload reduction effectiveness. He critically highlighted earlier MDRC studies in nearly a dozen sites; such as, the San Diego's Saturation Work Incentive Model (SWIM) whose sample enrollment period was October 1982 to August 1983 (Friedlander, 1988; Hamilton & Friedlander, 1989, as cited in Rector, 1993), suggesting that workfare programs had little success in reducing AFDC caseloads. Such evaluations were restricted to those who had already applied or were enrolled in workfare programs and thereby focused on *exit promotion* and *facilitation* effects. MDRC evaluations ignored *dissuasive* effects which would reduce the number of new applicants and hence result in caseload reduction. Other studies of workfare programs in Washington State, Utah, and Ohio, however, reported such *dissuasive* effects. The Utah Emergency Work Program (EWP), which replaced AFDC-UP in Utah in 1983, reduced the two-parent family caseload by 90%. As DeParle (2004) noted, however, the Clinton administration ignored the implications of Rector's analysis; namely, that strictly sustained enforcement of mandated work requirements would preclude or dissuade many of those eligible for AFDC from applying in the first place and, in effect, contribute to extensive caseload reduction.

In 1995, MDRC released preliminary impact findings of JOBS programs in three sites: (a) Atlanta, GA, (b) Grand Rapids, MI, and (c) Riverside, CA (Freedman & Friedlander, 1995). Findings were based on survey data at each site from an early sample of people who were required to participate in JOBS. Data were gathered 2 years after these JOBS participants had entered the study. To answer the question of what strategies worked best for which groups on welfare, this MDRC study used these particular three sites because each operated two distinct versions of the JOBS programs. One version, characterized as the "Labor Force Attachment" (LFA) approach emphasized rapid job entry. LFA relied on job search assistance, followed by work experience or short-term education and training activities for some of those who could not find jobs. The second version, characterized as the "Human Capital Development" (HCD) approach permitted postponement of job entry so enrollees could participate in longer, skill-building education and training activities. The intent behind HCD was to increase earning power and long-term ability to get and remain off welfare. At each site, study participants were randomly assigned to each of the two groups. Of the two approaches, LFA was found to be the more effective after 2 years. Compared to its control group, LFA participants reported a 23.5% increase in employment, a 16.2% reduction in AFDC participation, an 11.2% reduction in Food Stamp participation, and a 25.8% increase in average monthly earnings ($285 vs. $226). Compared to its control group, HCD participants reported a 1% increase in employment, a 6.1% reduction in AFDC participation, a 2.5% reduction in Food Stamp participation, and a 0.8% decrease in average monthly earnings ($207 vs. $209).

DeParle (2004, p. 112) noted that most states were pushing education and training in their JOBS programs at the time. He contended that preliminary findings of the Riverside, CA project basically turned the conventional wisdom – train first, then work – on its head, and that the work-first philosophy of the LFA approach was adopted nationwide. The preliminary findings were essentially upheld in a more extensive 5-year evaluation of California's GAIN program (Freedman, Friedlander, Lin, & Schweder, 1996), as well as in a broader array of 11 JOBS programs over a 2-year study period (Freedman et al., 2000). Examining 12 pre-TANF welfare-to-work sites, Strawn (1998) showed that the most successful JOBS programs were found in the middle of the job search to basic education continuum, with mixed strategies of employment and skill building services. Findings by Strawn et al. suggested that the emphasis on work-first or quick employment programs might have provided a premature basis for work-related TANF efforts (Strawn, Greenberg, & Savner, 2001).

In a study of nine JOBS programs in eight states (Utah, Wisconsin, Michigan, Texas, North Carolina, Illinois, Massachusetts, and Virginia) Karier (1996) reported reductions in welfare caseloads, ranging from a low of 6% in Illinois to a high of 24% in Wisconsin from 1995 to 1996, prior to passage of PRWORA. JOBS was one contributing factor in caseload reductions. General economic improvements in each of the states, including lower unemployment, as well as changes in welfare programs, including the reduction of cash grants were other factors. Several features of these JOBS programs, which were to be incorporated into PRWORA in 1996 (Gais, Nathan, Lurie, & Kaplan, 2001), included an emphasis (a) on immediate employment or "work first" rather than postsecondary education or vocational education (Coffield, 2002; U.S. Department of Health and Human Services and Administration for Children and Families, 1999) and training and (b) on time limits and sanctions (Curtis, 2002), with many states already setting limits (often 2 years) on how long families could receive cash grants and reducing cash grants for failure to follow through on work activities. Reinforcing the idea of work first, these states also engaged in welfare diversion for families with an emergency situation that could be met with a one-time cash grant and other resources; such as, Food Stamps or medical assistance (Gais & Nathan, 2001; U.S. Department of Health and Human Services and Administration for Children and Families, 1999). Other incentives included provision of transitional benefits; such as, child and health care, for a period of time after families moved off the welfare cash grant and increases in allowable assets and in the level of earned income that could be disregarded.

Due to the absence of federal provisions to support state spending on child care so welfare mothers could work, FSA was criticized for harming children. Mothers who feared for the safety of their children were penalized with grant reductions, for example, if they missed work-related appointments (Udesky, 1990).

By 1992, there was sufficient evidence of continuing unhappiness with welfare: (a) FSA did not go far enough, (b) additional changes were needed, and (c) the federal government should encourage innovations aimed at changing the behavior of welfare recipients to act in ways like the population at large (Offner, 1992). With the help of a recession and cuts in state budgets, especially in Michigan, Massachusetts, California, Maryland, Ohio, Illinois, and Maine, welfare again became the focus of "public anger" and accordingly got national attention (Moynihan, 1992). What was dubbed as "new paternalism" emerged, with the federal government increasingly taking on an enabling role. This was cast in the rhetoric of promoting self-sufficiency, autonomy, empowerment, and the like among poor persons and their families (Gilbert & Gilbert, 1989). Granted a time-limited renewable waiver from FSA strictures, Wisconsin's Learnfare program set the example of state-level paternalism. Implemented in 1988 Learnfare linked a family's welfare benefits to children's school attendance (Kasten, 1992).

5.2.3 The Clinton Administration and Use of Waivers

As noted in Chap. 3, Sect. 3.2.1, the Clinton administration continued the policy of expediting state requests for waiver authority to implement welfare reform demonstrations (Bane, 1995; Boehnen & Corbett, 1996). By 1995, waivers were granted for 18 demonstration projects. California, Georgia, Iowa, North Dakota, South Dakota, and Vermont were operating statewide programs. Connecticut, Florida, Illinois, Virginia, and Wyoming had some provisions that were statewide, whereas Arkansas, Colorado, Hawaii, Oklahoma, and Oregon had programs that operated less than statewide. Wisconsin had a statewide program and one confined to several counties.

Of particular interest, as indicated by Health and Human Services (HHS) Assistant Secretary, Administration for Children and Families (ACF), Mary Jo Bane (1995), was testing a variety of increased earnings disregard policies intended to "make work pay" which was a cornerstone of the Clinton administration's approach to welfare reform exemplified in the Work and Responsibility Act. Just as importantly, waivers were not approved if demonstrations denied Medicaid to anyone otherwise eligible for that program. Further, time-limited cash benefits had to be followed by a job, work support, or some other way of continuing support for those who "played by the rules." Demonstration project requests that had differential payment rates for residents according to their lengths of residence were also denied approval. New Jersey's REACH program, as well as of Wisconsin's Learnfare, were viewed as having flawed evaluations, leaving ACF uncertain of whether those interventions worked. Another flawed evaluation was Florida's Family Transition Program (FTP) begun in 1994, the first time-limited project to test the merits of "work-trigger" vs. "benefit-termination" approaches to welfare reform (Rogers-Dillon, 2004). The former, advocated by Clinton, essentially created a public works program for those who could not find employment within a particular timeframe – within 2 years in this case. Republicans favored the latter "benefit-termination" approach, in effect eliminating benefits for failure to find employment. The practical question FTP addressed was how many program participants were likely to need public works. Through "administrative circularity" compliancy was defined as employed by the time limit; thereby, making anyone not employed by the time limit ineligible for a public works program. Job provision or "work-trigger" was not a viable option, and FTP never put the job guarantee provision of the waiver into effect (pp. 129–133). As a result, the practical question could not be answered with any degree of veracity. Rogers-Dillon (p. 174) faulted MDRC which was responsible for the evaluation of FTP for downplaying the elimination of the job guarantee by administrative practices in its final report (Bloom et al., 2000) and for failing to mention it in the executive summary.

The overall employment status of AFDC recipients deteriorated throughout the early part of the 1990s. Between October 1995 and September 1996, of the 3.4 million adult women on AFDC, only 10.1% were employed (4.7% full-time) and only 7% participated in JOBS (U.S. Department of Health and Human Services and Administration for Children and Families, 1996a). Of the half million adult male AFDC recipients, only 19.5% were employed (7.9% full-time) and only 9.5% participated in JOBS (U.S. Department of Health and Human Services and Administration for Children and Families, 1996b).

5.3 The Socioeconomics of the Post-TANF Years: 1997 to the Present

This section presents reasons attributed to the dramatic decline of caseloads in the TANF program. A robust economy with relatively low unemployment rates, ranging from 5.6% in 1996 to 4.0% in 2000 before rising to 4.7% in 2001, and (as noted below) expansion of the EITC program contributed to the declines in TANF caseloads, with 7.2 million persons leaving the welfare rolls between fiscal years 1996 and 2001 (Blank & Schmidt, 2001; Haskins, 2001). Those favorably inclined toward TANF argued that work requirements associated with TANF accounted for the decline; whereas, those opposed attributed administrative machinations such as "caseload reduction credits" as responsible. This section also examines sociodemographic and other changes in TANF use and the economy that accompanied implementation of TANF.

5.3.1 Caseload Reduction

5.3.1.1 Work Requirements

With full implementation of TANF by July 1997, the gradual decrease in welfare caseloads that began in 1994 continued more markedly, and the employment status of welfare recipients improved (Blank, 2001; Ziliak, Figlio, Davis, & Connolly, 2000). At the end of fiscal year 2001, the average monthly number of TANF recipients was 5.5 million, or 56% lower than the AFDC caseload in 1996 (U.S. Department of Health and Human Services and Administration for Children and Families, 2002). From its peak of 14.4 million in March 1994, the number dropped by 63.2% to 5.3 million in September 2001. As a percentage of the US population, the caseload had reached its lowest point (about 2%), since the 1960s. Caseloads dropped by more than 70% between fiscal year 1996 and 2001 in 8 states (Colorado, Florida, Idaho, Illinois, Louisiana, Mississippi, Wisconsin, and Wyoming) and between 40% and 70% in 35 states.

The Wisconsin Works or W-2 program, which Mead (2001, p. 208) claimed "best represented" the sort of welfare that the public wanted, was one of the more notable efforts at case reduction (Alfred, 2005; Corbett, 1996; DeParle, 2004). By the time W-2 started in 1997, the statewide caseload had already fallen nearly 60%.

W-2 further reduced the welfare caseload by requiring everyone to work in order to get a check – with no exemptions, no delays, and excluding job-search as a viable option. In addition, W-2 adopted a "Self-Sufficiency First" campaign that required every applicant to spend a few weeks sitting in a motivation class and filling out employer logs (Folk, 1996).

Such administrative "hassles" to ensure strict enforcement of work requirements discouraged applicants, far more so than Rector (1993) had surmised when criticizing MDRC for failing to account for dissuasive effects of job requirements in its studies of JOBS programs. About three quarters of the states made TANF applicants do something before coming on the rolls, a diversionary process New York City Welfare Commissioner Jason Turner (who had been the major architect of W-2), called "securing the front door" (DeParle, 2004, p. 209; Gais et al., 2001; Lurie, 2006; Nathan & Gais, 1999). In New York City, for example, required job searches dragged on for 4 weeks, diverting about half those who would have applied. A missed day at any time over the 4-week period could result in starting all over, or in many states recipients could lose part or all of their checks. If one includes such diversionary procedures and activities as part of an overall work-enforcement strategy, then perhaps Mead (2001, p. 225) was correct to claim, "Work enforcement appears to be the main reason for the decline in welfare," with economic conditions and wage subsidies also contributing to caseload reduction.

5.3.1.2 Caseload Reduction Credits

An obscure device known as "caseload reduction credit" was one of several administrative means contributing to caseload reduction (Code of Federal Regulations, 2008; DeParle, 2004, p. 128). This device functioned like frequent-flier points every time a state cut someone from welfare. For example, if a state is mandated to have 20% of a caseload in a welfare-to-work program and it cuts its rolls by 15%, the new work-rate requirement becomes 5%. When fully phased in, the law required states to meet a work rate of 50%, a standard no state has met to date. But if they cut their rolls in half, as 20 states subsequently did, in effect, theoretically, they would not have to implement a work program at all. Use of the caseload reduction credit raised the prospect that "for all the talk about work requirements, the system harbored a strange little secret: many of the people left on the rolls weren't doing very much" (DeParle, 2004, p. 219).

As DeParle (p. 220) contended, with about a 60% reduction in the caseloads by 2002, 20 states could meet the work rate requirement without putting a single recipient to work. With only ten states having to meet a work goal of 10% or more to comply with the law, as a "reward" for cutting caseloads, most had to do nothing by way of work requirements for TANF recipients. Turner and Main (2001, pp. 297–297) reported that very few states had anyone in employment in 1999. Although 40% of the average caseload in any state was involved in some required activity, nearly 70% of these were in unsubsidized employment, that is, they were collecting welfare while working at a regular job. By contrast, fewer than 10% of all adults participating in any activity while receiving welfare benefits were in work experience of any kind. That translated into just 4% of the entire caseload of 2.1 million adults. The JOBS program under the FSA of 1988 had greater participation in work experience: an estimated average monthly number of participants ranged from 20,000 to 35,000 in 1994 vis-à-vis 78,000 on TANF in 1999.

5.3.1.3 Diversion Benefits

To reduce caseloads by preventing persons from entering public assistance, 20 states offered one-time, lump-sum cash payments in exchange for a period of TANF ineligibility (Blank & Schmidt, 2001). For 13 of these states, the period of TANF ineligibility was 3 months. Another administrative means contributing to the caseload decline was a U.S. Department of Health and Human Services and Administration for Children and Families (1999) ruling by the ACF in the Department of Health and Human Services that permitted states to use TANF funds for certain types of aid that was treated as "nonassistance" without time limits and other strictures under the TANF block grants (Gais & Nathan, 2001). Of 23 states that provided these "diversion benefits" for short-term assistance; such as, emergency needs for car repairs, or long-term (up to 4 months) assistance for child care or education and training, 15 did not count this assistance toward the TANF time limits (State Policy Development Project, 1999).

In one of the more sophisticated studies of caseload decline, Danielson and Klerman (2008) found that formal policies, such as time limits, diversion, financial incentives, and work-related sanctions, accounted for about 10% and the economy about 5% of the 56% decline in the national caseload between the peak of the national unemployment rate in February 1992 and February 2005. Unmeasured factors accounted for the remainder. Their findings suggested that states exerted downward pressure on caseloads by changing policies, but that the main or "signature" welfare policies accounted for a relatively small portion of the caseload decline. Not all states made caseload reduction a priority. A notable exception was Kansas which provided (a) no diversion benefits, (b) relaxed its applicant job search requirements for many "recyclers" to the program, and (c) provided a range of employment and social services focused on job retention as a goal for those who found employment (Gais et al., 2001, p. 56).

5.3.2 Sociodemographic and Other Changes Accompanying Implementation of TANF

5.3.2.1 Poverty and Labor Force Attachment

On the whole, caseload reduction was accompanied by a decline in child poverty and an increase in single-mother employment: the child poverty rate dropped from 22.2% in 1995 to 15.6% in 2000, with the related number of children decreasing from 14 million to 11 million, respectively; the percentage of single-mother employment increased from 64.0% in 1995 to 75.5% in 2000 (Falk, Gish, & Solomon-Fears, 2005). Among the nearly one million active TANF cases in FY 2006, nearly half (44.6%) participated in some form of work activity (U.S. Department of Health and Human Services and Administration for Children and Families, 2006). Caseloads continued to decline until reported notable increases in 2008, with unemployment rates ranging from a low of 4.6 in 2006 and 2007 to a highs of 6.0 in 2003 and 5.8 in 2003 and 2008 (As Economy Slides, 2008; U.S. Department of Labor and Bureau of Labor Statistics, n.d.). The percentage of female-headed households (no husband present) in poverty declined from 35.1 in 1997 to a low of 28.5 in 2000, increasing to 31.1 in 2005 and declining to 30.7 in 2007 (DeNavas-Walt, Proctor, & Smith, 2008, Table B-1, p. 46). Concomitantly, with many TANF recipients and would-be TANF recipients in the labor force with the advent of TANF, the female to male earnings ratio declined from an all-time peak of .742 in 1997 to .737 in 2000, but increased again to a new all-time high of .778 in 2007 (DeNavas-Walt et al., 2008, Table A-2, p. 38).

Workers as a percentage of all poor persons reached double digits (10.5%) for the first and only time since such data were gathered in 1994 and 1995. Since full implementation of TANF in 1997, workers as a percentage of all poor persons were in double digits through 2007, fluctuating between 10.3% and 11.8% (U.S. Census Bureau, 2009c). Prior to that, only in 1994 and 1997, did deep poverty; that is, the percentage of the population with incomes below 50% of the federal poverty level, decline from 5.4 in 1997 to 4.5 in 2000, only to increase again to 5.4 in 2005 and decrease to 5.2 in 2006 and 2007 (U.S. Census Bureau, 2009d). The number of children in poverty, which declined from 15 million in 1993 to 11.2 million in 2001, increased for the first time in nearly a decade to 11.6 million in 2002 (U.S. Census Bureau, 2009b). The number of children under 18 years of age in poor female-headed households increased to 6.6 million in 2002 from 6.0 million in 2000; over half the children in poverty (56.4%) in 2002 lived in female-headed households (U.S. Census Bureau, 2009a).

5.3.2.2 Use of (Dependency on) Public Assistance

Caseload reduction was also accompanied by shifts in demographic characteristics of heads of families receiving assistance. Although specific percentages vary by source of data (e.g., National Survey of America's Families [NSAF], Survey of Income and Program Participation [SIPP], Current Population Survey [CPS]), non-Hispanic Whites initially left welfare faster than did non-Hispanic Blacks, who in turn left faster than Hispanic families. By 2000, for example, non-Hispanic Whites comprised 31% of TANF families, down from about 44% in 1997. Non-Hispanic Blacks comprised 39% of TANF families, compared to about 32% in 1997 (Acs & Loprest, 2007). These percentages remained roughly comparable in subsequent years (Temporary Assistance for Needy Families Program, 2006).

The most recent report of indicators of dependency (U.S. Department of Health and Human Services and Administration for Children and Families, 2007) highlighted the following characteristics about TANF recipients:

- In an average month in 2004, more than half (51.8%) of TANF recipients lived in families with at least one family member in the labor force. Comparable figures for Food Stamps and SSI were 60% and 39%, respectively. Although there was a decline in labor force participation among TANF families between 2002 and 2004, full-time employment (35 h or more per week) increased throughout most of the decade.
- Periods of TANF receipt in the early 2000s were much shorter than AFDC receipt in the early 1990s. More than half (56.1%) of TANF periods for individuals entering the program between 2001 and 2003 lasted 4 months or less, compared to 42.6% of AFDC periods beginning between 1993 and 1995.
- Long-term welfare participation declined from previous decades. Among all persons receiving AFDC/TANF at some point in the 10-year period ending in 2000, about half (51%) received assistance in only 1 or 2 years. Less than one third (31%) received AFDC/TANF in 3–5 years, and less than one fifth (19%) received AFDC/TANF during 5 or more of the 10 years. These percentages compare favorably to prior 10-year periods. Among all persons receiving AFDC/TANF at some point in the 10-year period ending in 1990 for example, less than half (44.8%) received assistance in only 1 or 2 years. About one fourth (26.5%) received AFDC in 3–5 years, and more than one fourth (28.6%) received AFDC during 5 or more of the 10 years.

5.3.2.3 Sociodemographic Profile of TANF Entrants & Users

Although no attempt was made to identify causes of welfare receipt, the most recent report of indicators of dependency (U.S. Department of Health and Human Services and Administration for Children and Families, 2007) noted that decreased recipients' earnings was associated with half (50.3%) of entry onto TANF between 2001 and 2003, while decreased earnings from other household members was associated with 19.8% of TANF entrants. A new child in the family was associated with 20.2% of TANF entrants. Divorce or separation from spouse was associated with only 4.2% of TANF entrants. These percentages compare favorably to those in the 1993–1995 period: Decreased recipients' earnings was associated with more than half (57.1%) of AFDC entrants, while decreased earnings from other household members was associated with 24.0% of AFDC entrants. A new child in the family was associated with 22.2% of AFDC entrants. Divorce or separation from spouse was associated with only 8.7% of AFDC entrants. Although increased recipients' earnings was associated with the exits of 34.1% of single mothers from TANF in the 2001–2003 period, this compared less favorably than with the 54.8% in the 1993–1995 period. Exits associated with marriage also were less favorable – 2.2% in the 2001–2003 period vis-à-vis 5.4% in the 1993–1995 period. Exits among single mothers associated with earnings from other household members were comparable, 12.1% in 2001–2003 and 10.3% in 1993–1995.

Not highlighted, per se, but nonetheless presented in the most recent report of indicators of dependency (U.S. Department of Health and Human Services and Administration for Children and Families, 2007) were AFDC/TANF average monthly family cash participation rates. AFDC average monthly family cash participation rates fluctuated throughout the 1980s and 1990s, with a low of 76.7% of those deemed eligible to a high of 84.3% in 1995. TANF average monthly family cash participation rates declined steadily from a high of 69.2% in 1997 to 42.0% in 2004. Also in 2004, only 2% of individuals in TANF, Food Stamps, or SSI programs participated only in TANF, while 16% participated in both TANF and Food Stamps. More than half (59%) participated only in Food Stamps.

Although the Welfare Indicators Act of 1994 accented caseload reduction and reduced welfare use instead of poverty reduction as main social problems, data regarding risk factors associated with welfare receipt were also presented in the annual reports. The most recent report of indicators of dependency (U.S. Department of Health and Human Services and Administration for Children and Families, 2007) grouped risk factors into three categories: (a) economic (e.g., poverty, child support receipt, food insecurity, and lack of health insurance), (b) employment-related (e.g., barriers to work like education, substance abuse, debilitating health), and (c) nonmarital childbearing (e.g., teen pregnancy, living with never-married parents).

5.3.2.4 Profile of TANF Exits

The socioeconomic fate of TANF leavers was also the subject of much research (e.g., Bok & Simmons, 2002). Haskins (2001) noted that, given the strong economy at the time, most mothers who left welfare had more money than when they were on welfare, due in part to increased earnings and to social supports; such as, Food Stamps, Medicaid, child care, and most of all to the EITC. Nonetheless, “a small to moderate-sized group of mother-headed families” (p. 105) was worse off than they were when they started welfare. Haskins reached these general conclusions from an examination of a diverse array of studies and data: (a) 43 “leavers” studies, 30 of which were based on state surveys of adults who left welfare and 13 from quarterly wage reports on employees that employers were required to submit to state unemployment insurance offices, and (b) CPS March Supplement data gathered by the US Census Bureau.

Strawn et al. (2001), however, reported less optimistic well-being outcomes for TANF leavers based on their review of the evidence. They cited a nationally representative Urban Institute Study (Loprest, 1999) showing that the median wage for welfare recipients who left the rolls between 1995 and 1997 (leavers) was $6.61 per hour in 1997 and that most (67%) employed leavers were unlikely to receive employer-provided health coverage or paid sick or vacation leave. State studies corroborated these findings (Devere, 2001; Devere, Falk, & Burk, 2000, as cited in

Strawn et al., 2001), showing in addition that many welfare leavers did not know they were eligible for Food Stamps or Medicaid or that it was too much of a hassle to get them. Earlier, research had shown that employment loss was a significant problem for welfare parents entering employment and that small earnings growth resulted from working longer hours or weeks than from higher wages (Strawn & Martinson, 2000).

5.4 Earned Income Tax Credit Participation

5.4.1 Take-Up Rates

Take-up rates of EITC have been shown to vary widely due in part, in all likelihood, to reliance on different data sources and whether awareness of the EITC was taken into account. They vary from lows around 30% of eligible persons to highs of around 85%. Even the highest take-up rate estimates left millions of EITC-eligible taxpayers without the tax benefit (Blumenthal, Erard, & Ho, 2005; Caputo, 2006; Paulson, 2008; Scholz, 1990, 1994). Blumenthal et al. (2005), for example, concluded that households having a legal requirement to file income taxes were more likely to file for the EITC than those without such a filing status (such as, families receiving public assistance), with EITC take-up rates somewhere in the range of 31–39% in tax year 1988.

Relying on CPS data for 1999, the U.S. General Accounting Office (2001) estimated that 75.0% of the 17.2 million households eligible for the EITC claimed the credit, with the participation rate varying by the number of qualifying children. Those with no qualifying children had the lowest participation rate (44.7%) while those with one qualifying child had the highest (96.0%). In between were those with two qualifying children (93.0%) and those with three or more qualifying children (62.5%). EITC-eligible but nonparticipating households also varied by the number of qualifying children. More than half (60.0%) of EITC-eligible nonparticipating households had no qualifying children. Most of the remaining EITC-eligible nonparticipating households (28.0%) had three or more qualifying children. Households with one or two qualifying children accounted for 12% of nonparticipants (5% one child, 7% two children) even though they represented about 54% of all eligible households.

Relying on data from the 2001 NSAF, Maag (2005) found that only 58.1% of low-income parents had the knowledge of EITC, with significant variations by race/ethnicity and education. Only 27.1% of Hispanic and 68.0% of non-Hispanic Black low-income parents had heard of EITC compared to 73.5% of the non-Hispanic base category. Non-high school graduates were less likely than the base category of college graduates to have heard of EITC (39.8% vs. 64.8%) while those with some college had more awareness of EITC (71.4%). Maag (2004) also reported that 91.6% of former AFDC/TANF recipients had heard of EITC, as did 85.3% of former Food Stamp recipients. Only 66.6% of those with incomes less than half the poverty level had heard of EITC. These findings about knowledge of EITC are similar to those reported by Phillips (2001) who relied on the 1998 NSAF and who also reported EITC awareness differences by income level and public program participation. Those with incomes below half the poverty level were less likely to have heard of EITC than those with incomes twice the poverty level (54.6% vs. 66.9%). Former AFDC/TANF (82.9% vs. 63.7%) and former Food Stamp (77.7% vs. 62.3%) users were more likely to have heard of EITC than those who never used these programs. Invariably, ignorance of EITC suppressed take-up rates among otherwise EITC-eligible families.

In addition to knowledge about EITC, other factors were also found to affect take-up rates. Phillips (2001), for example, reported that among those who heard of EITC, take-up rates varied by income level and public program participation. Of parents who had heard of EITC, 49.0% of those with incomes less than half the poverty level had ever received EITC, compared to 68.6% with incomes between 50% and 100% of the poverty level, 75% with incomes between 101% and 150% of the poverty level, 69.6% between 151% and 200% of the poverty level, and only 32.7% with incomes greater than 200% of the poverty level. More than half of the current (54.2%) and more than three fourths of former (78.9%) AFDC/TANF recipients who had ever heard of EITC received the tax credit, compared to only 38.5% of those who never participated in AFDC/TANF. More than half of the current (62.2%) and more than three fourths of former (75.1%) Food Stamp recipients who had ever heard of EITC received the tax credit, compared to only 31.6% of those who never participated in the Food Stamp program.

Other data suggest that EITC take-up rates were also affected by expansions in the program. In 1991, as a result of the Omnibus Budget Reconciliation Act (OBRA) of 1990 (P.L. 101-508), adjustments were made for low-income workers with one or two or more children. The OBRA of 1993 (P.L. 103–66) extended EITC, in a modified form, to taxpayers without qualifying children who are aged 25 or older and under age 64 and it phased in increased credit amounts over the 1994–1996 period. Increases in the number of EITC claimants reflected these changes. In tax year 1975, the first year of EITC, there were 6.2 million returns claiming the credit, staying constant until 1985, when 6.5 million claimed the credit, doubling to 12.5 million returns in 1990, to 14.1 million in 1992, to 14.6 million in 1993, and to 19.4 million, of which 4.8 million were families without children, in 1994 (Dowd, 2005). Credit amounts correspondingly increased from $13.1 billion in 1992 to $14.8 billion in 1993 to $21 billion in 1994 when an additional four million families got checks of up to $2,500 (DeParle, 2004). By 1999, the take-up rate increased to an estimated 50% (Blumenthal et al., 2005).

Mammen and Lawrence (2006) reported a 67% take-up rate among their study of 237 rural EITC-eligible mothers, with a majority of EITC tax filers (58.5%) married and the remainder split nearly evenly between single (22.5%) and divorced/separated mothers (19.0%), and those with three or more children more likely to file than those with either one or two children (38.1% vs. 31.0% each). Although nearly half (44.0%) of mothers with more than a high school education were eligible for the EITC, however, less than a third (30%) filed for EITC, while those who had less than a high school education comprised the lowest percentage of EITC-eligible mothers (26.4%) and the second highest proportion of EITC tax filers (33.3%). US Treasury Secretary Henry M. Paulson (2008) estimated that 75–80% of EITC-eligible persons claimed the credit in 2006.

5.4.2 Prevalence and Patterns of EITC Use

Relying on Internal Revenue Service's (IRS) Statistics of Income (SOI) individual tax databases for tax years 1990 through 1994, the U.S. General Accounting Office (1997) reported that about two thirds (68.0%) of the 27.3 million taxpayers with children who claimed the credit did so at least twice during the 5-year period, and about half (46.0%) claimed it for three or more of the 5 years. Nearly one fourth (16.0%) claimed the credit all 5 years. On average, about half the claimants (56.0%) in any given year took the credit in each of the next 2 years (i.e., for at least 3 consecutive years), while nearly three fourths (73.0%) of the claimants took the credit for 2 or more consecutive years. In regard to economic well-being, on average, in the first and fourth years after claiming the credit, 25.0% and 36.0% of the claimants, respectively, reported higher income than their respective earned income credit ranges while 21% and 29% reported lower income or did not file a tax return. Similar income patterns were discerned for phase-in and phase-out range claimants separately.

An Urban Institute report (Phillips, 2001), which used data from the 1999 NSAF, provided approximate bivariate comparisons of EITC familiarity and use on several measures; such as, income, ethnicity/race, marital status, and education. Less than two thirds (64.2%) of families whose incomes were less than twice the poverty line were familiar with EITC and 68.7% of these families received the credit, resulting in an overall participation rate among all low-income parents of 43.2%. Hispanics were the least likely to have ever heard of EITC (32% vis-à-vis 64.2% of the US average and 75.9% among non-Hispanic Whites) and the least likely to ever file for the credit (18.4% vis-à-vis 42.2% of the US average and 53.1% among non-Hispanic Whites). Of all low-income parents, higher percentages of divorced/separated (53.4%), never married (46.3), and widowed (45.1%) parents ever received EITC than either cohabitating (40.1%) or married (38.5%) parents. Finally, in regard to academic achievement, those with less than a high school degree had the lowest percentage of those who ever claimed EITC (26.5% vis-à-vis 49.5% of high school graduates, 55.0% of those with some college, and 40.7% among college graduates). In all instances, there were higher percentages (by about 10–30%) of ever receiving EITC among those who had heard of it, suggesting that ignorance played a large part in nonuse and that greater awareness of the program portended increased participation rates.

Using IRS's SOI individual tax databases for tax year 2002, Greenstein (2005) reported that nearly three fourths of EITC benefits went to families with adjusted gross income between $5,000 and $20,000. An additional 5% went to families earning between $25,000 and $30,000 and 1% to families earning $30,000–$40,000.

Relying on CPS data for 2004, Meyer (2007) reported that married couples with children accounted for 34.6% of EITC recipients, single women with children for 34.3%, and individuals without a qualifying child for 26.8%. Blacks, who could be of any ethnicity in the CPS data, comprised 22.1% of single EITC recipients and 9.3% of married recipients. High school graduates accounted for the highest percentages of single (39.2%) and married (37.0%) EITC recipients, while college graduates had the lowest (9.4% and 10.0%, respectively). The ratio of families at or below twice the poverty line without EITC to those with EITC was 1.02, the same as for similarly situated people and for similarly situated children under 18, suggesting that slightly more than half those who might be considered eligible for the credit received it.

In his study, Caputo (2006) used the National Longitudinal Survey of Youth (NLSY79), which comprises men and women who were 14–22 years of age in 1979. He reported a 50% take-up rate of EITC-eligible persons in 2001. EITC-eligible women were two times more likely than men to file for EITC, and unmarried persons especially those who were separated, divorced, or widowed, were two to three times more likely to file for EITC than married persons. Prior poverty status also increased the likelihood of claiming the credit in 2001. In a subsequent NLSY79 historical study of EITC use, Caputo (2010) reported that more than one third (37.8%) of the population sample (3,034 of 8,033 individuals) was EITC-eligible at least 1 year between 1999 and 2005. Less than 20% of EITC-eligible families had ever filed for the credit and about half of these filed more than 1 year.

Caputo (2009) examined participation in EITC and TANF in 2004 among low-income subjects 19–25 years of age. He used an NLSY97 sample comprised of men and women born between 1980 and 1984. Nearly half (46.8%) of the young adults in the study sample ($N = 1{,}098$) participated only in EITC; an additional 2.2% of the study sample participated in both EITC and TANF and 1% only in TANF. Several sociodemographic characteristics were found to be robust predictors of EITC and TANF program participation. Multinomial regression results showed that Hispanics and Blacks were about 1.5 times more likely than Whites to participate only in EITC than in neither EITC nor TANF. Those who worked more than 1,000 h during 2004 were 1.6 times more likely than those who worked less to participate only in EITC during 2004 than in neither program. Unmarried persons were 3.4 times less likely married persons to participate only in EITC. Women were 1.4 times more likely than men to participate only in EITC in 2004 than in neither EITC nor TANF. Prior EITC participation also was found to be a robust predictor of participating only in EITC in 2004: Those who had participated in EITC in 2003 were 3.9 times more likely to do so than those who did not.

Caputo (2009) also reported that robust predictors of participation in both EITC and TANF included age, presence of two or more children, prior program participation, and sex. Subjects 21 years of age or younger were 10.6 times more likely than those over 21 to participate in both EITC and TANF vis-à-vis neither program in 2004. Those with two or more children were 3.8 times less likely than those with fewer children to participate in both programs. TANF participants in 2003 were more than 378 times more likely to use both EITC and TANF in 2004 than those who did not participate in TANF in 2003. And women were 4.5 times more likely than men to participate in both programs than in neither program in 2004. Finally, the only statistically significant predictor of participating only in TANF in 2004 was TANF participation in 2003: prior TANF participants were 200 times more likely than nonparticipants of TANF in 2003 to use only TANF vis-à-vis those who used neither EITC nor TANF.

5.4.3 Effects of EITC Participation

EITC has been shown to increase work among single mothers (Eissa & Liebman, 1996; Meyer & Rosenbaum, 2000, 2001), the group most likely to be outside the labor market or working few hours at low wages. Minimum wage provides a base for EITC, and it increased from $4.48 in 1989 to $5.15 in 1999. Concurrent with this, single mothers with one or two children had income-to-poverty ratios of 1.10 and 1.05, respectively, in 1999 vis-à-vis 0.89 and 0.76, respectively, in 1989 (Blank & Schmidt, 2001). EITC also has been found to promote earnings growth; that is, those pulled into the labor market by EITC were found to increase their incomes over time, suggesting that they avoided dead-end jobs (Dahl, DeLeire, & Schwabish, 2009).

Using March Supplement CPS data collected between 1993 and 1999, Haskins (2001) showed that earnings and EITC income more than offset the loss of welfare income (cash assistance and Food Stamps for female-headed families with children in both the bottom fifth and second to the bottom fifth of post-tax income). The pattern was so consistent in both groups of women and across years, he contended that it stood "as the hallmark of the postwelfare reform landscape" (p. 115). More low-income mothers were working and had more income to which EITC contributed. Consequently, Haskins contended that EITC income was a major contributor to the decline in poverty in general and child poverty in particular. It produced a 10-percentage point reduction in child poverty beyond that of other types of assistance in 1999, compared to 0.1 in 1993.

Also using March Supplement CPS data collected between 1993 and 1999, Grogger (2003) found that EITC accounted for 15.8% of the decline in welfare use over the period, with welfare reforms accounting for 14.3% of the caseload decline (also see Council of Economic Advisors, 1997, 1999). EITC also explained 34% of the observed increase in employment. Consistent with findings from other studies (e.g., Eissa & Liebman, 1996; Meyer & Rosenbaum, 2000, 2001), Grogger contended that EITC was "the most important single factor in explaining why female family heads increased their employment over 1993–1999" (p. 405). Grogger also reported that EITC participation had no net effect on income, a finding deemed plausible in light of decreased welfare use while increasing work and earnings. EITC accounted for over one fifth of increased earnings but for less than 5% of increased income. Since EITC income was not specifically asked for in the March CPS questionnaire, Grogger cautioned against concluding that the net effect of the

EITC on income was zero. Survey participants may have reported their EITC credits as "other" income, although there was no evidence to suggest that they did.

Using California data collected between 1991 and 2000, Hotz, Mullin, and Scholz (2006) found that EITC increased employment only for two-child families compared to those with one child – by about 3.4% – and not between families with three or more children relative to two-child families. No EITC-like employment effects were found in samples, where households did not file tax returns. The positive employment effects of EITC for single mothers documented in other studies, as noted above and reported by Hotz, Mullin, and Scholz, also applied to the more economically disadvantaged population of welfare recipients in their California study. On the basis of their findings, Hotz, Mullin and Scholtz contended (p. 43) that "the EITC can be an important tool in efforts to increase employment of welfare recipients."

Paradoxically, throughout the 1980s and early 1990s, the percentage of total population in poverty with means-tested benefits increased when EITC was added to total cash income. In 1983, for example, the 13.7% of the total population in poverty with means-tested benefits increased to 14.7% when EITC and federal taxes were added to total income. By the end of the 1980s, the gap had narrowed 11.2% vs. 11.8%; by 1992 the gap had closed at roughly 13.0% (U.S. Department of Health and Human Services and Administration for Children and Families, 2007).

5.5 Summary

This chapter highlighted trends in AFDC/TANF and EITC participation since the 1980s and 1990s, respectively. It reviewed state-level variations in welfare-to-work initiatives between 1988 and 1996, in light of the FSA of 1988 and the extended use of waivers from AFDC provisions during the Clinton administration leading up to the passage of welfare reform legislation and creation of TANF in 1996. The chapter also examined reductions in welfare caseloads attributed to the economy and to work requirements in general, as well as to administrative machinations; such as, caseload reduction credits and diversion benefits in particular. It reviewed sociodemographic and other changes that accompanied implementation of TANF; such as, poverty and LFA, use of public assistance programs, and it profiled TANF recipients and exits. The chapter also examined EITC participation, including take-up rates, prevalence and patterns of EITC use, and effects of EITC.

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Chapter 6
TANF and EITC Use: A Study

6.1 Overview

What is the frequency and duration of Earned Income Tax Credit (EITC) use? How do frequency and duration of EITC use vary by sociodemographic characteristics; such as, education, ethnicity/race, gender, family size, income, marital status, and work effort? What is the relationship between EITC use and participation in other social welfare programs; such as, TANF, Food Stamps, and Supplemental Security Income (SSI)? What are good or robust predictors of EITC eligibility and use? What effects on economic well-being does EITC use have compared to EITC-eligible nonusers?

To address these questions, panel data were obtained from two National Longitudinal Survey of Youth (NLSY) cohorts, one beginning in 1979 (NLSY79) and the other in 1997 (NLSY97). NLSY79 and NLSY97 had questions about federal tax filing status lagged 1 year from the interview date. In NLSY79, for example, tax filing data were gathered in biannual survey years 2000, 2002, 2004, and 2006, respectively, for the preceding calendar or tax years 1999, 2001, 2003, and 2005. EITC eligibility was made mechanically at the time of interview by the survey software on the basis of respondents' responses to "lead-in" questions about sources of income, household composition (specifically for the presence of a spouse), whether any biological children had ever been reported, and whether they filed tax forms in the calendar year preceding the survey year. In the NLSY97, respondents were asked every annual survey year whether they claimed the EITC on their federal tax return for the preceding calendar year. Response categories included: (a) yes, (b) yes, planning to do so, (c) no, not eligible, (d) no, unaware, and (e) no, for other reasons.

6.2 Study Objectives and Questions

The study presented in this chapter examined the prevalence and patterns of EITC use among EITC-eligible families between 2000 and 2006. It also explored the relationship between EITC use and participation in other direct expenditure social welfare programs; such as, TANF and Food Stamps, and for the NLSY79 sample SSI. The study identified robust sociodemographic predictors of EITC eligibility

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and use. Sociodemographic characteristics included: (a) age, (b) education, (c) ethnicity/race, (d) family size, (e) gender, (f) income, (g) marital and/or tax-filing status, (h) presence of children, and (i) work effort. The study also examined how families fared socioeconomically subsequent to EITC use, that is, to what extent claiming the EITC in any given year lead to (a) either additional use, as a springboard to a greater socioeconomic status (SES) level, or (b) as a descending ladder to a lower SES level. It addressed the following questions:

1. To what extent were EITC-eligibility and use related to each other and with the use of public expenditure programs between 2000 and 2006?
2. To what extent did take-up rates of EITC vary over time among persons and their families deemed EITC-eligible?
3. How did EITC participation among EITC-eligible families vary by background sociodemographic characteristics found to be associated with EITC use; such as, age, education, ethnicity/race, and sex?
4. How often did EITC-eligible persons and their families participate in the EITC program over time?
5. How often did EITC-eligible persons and their families participate in other public programs; such as, Food Stamps, TANF, and SSI?
6. What sociodemographic patterns of EITC program participation emerged among EITC-eligible persons and their families over time?
7. What background factors were robust predictors of ever filing for the EITC among those eligible to file?
8. What public expenditure programs were robust predictors of participating in EITC among EITC-eligible persons and their families in any given year?
9. To what extent did unawareness of the EITC program among tax-filers vary by sociodemographic characteristics?
10. What effects on economic well-being did EITC use have compared to EITC-eligible nonusers?

Answers to these questions were meant to identify gaps in program use so that policies aimed at improving outreach efforts targeting eligible families to increase EITC take-up rates might be assessed better. EITC use was deemed important in light of changes in social policies; such as, TANF which links welfare assistance to work, and in light of increasing percentages of poor families who are also working poor families, nearly 70% in one national study (Caputo, 2007).

6.3 Method

6.3.1 Data

6.3.1.1 The National Longitudinal Survey of Youth, 1979 Cohort

Data came from Round 22 of the NLSY79 in 2006, the most recent year of collected data available at the time of this study (U.S. Department of Labor, Bureau of Labor

Statistics, 2009a). NLSY79 is a representative sample of 12,686 young men and women who were 14–22 years old and living in the USA when first interviewed in 1979. Data were collected annually from 1979 through 1994 and biennially from 1996 through the present. Responsibility for the administration of all NLSY data files resides with the US Department of Labor, Bureau of Labor Statistics which contracts with the Center for Human Resource Research (CHRR) at the Ohio State University and the National Opinion Research Center (NORC) at the University of Chicago to (a) manage the NLS program, (b) share in the design of the survey instruments, (c) disseminate the data, and (d) interview respondents. The Round 22 sample included 7,654 individuals, a retention rate of 60.3% (unweighted) and 70.7% (weighted) in 2006. Differences among persisters, dropouts, and returnees in NLSY data files have been noted. In one such study of the NLSY79 MaCurdy, Mroz, and Gritz (1998) reported higher attrition for both unemployed persons and for men who once earned high wages. Subsequently, Singer and Willet (2003) noted that this attrition in the NLSY79 did not violate missing at random (MAR) assumptions and, concurring with Laird (1988), demonstrated that valid generalizations can be made. The NLSY also included sample weight measures for every survey year to adjust for noninterviews. In addition, the capacity to generate custom weights was available to researchers who pool data from multiple survey years, thereby making adjustments for respondents who participated in every year and/or any year used for research purposes accordingly.

NLSY79 was deemed suitable for purposes of the present study because it began asking questions about tax-filing behavior in general and about EITC in particular in survey year 2000 (U.S. Department of Labor, Bureau of Labor Statistics, 2009a). As noted in an earlier EITC-related study that used data from NLSY79 (Caputo, 2006), sole reliance on self-reported NLSY79 data was not deemed problematic in light of the battery of legislative measures to curb the types of errors identified by IRS and other studies (e.g., Alstott, 1994; Greenstein & Shapiro, 1998; Kiefer et al., 2002; McCubbin, 2000). Further, Federal and other advocacy efforts inform low-income persons about the program and about free tax preparation services, so public awareness was likely to have increased significantly since earlier reports and studies (e.g., see Shipler, 2004). Finally, in each survey year between 2000 and 2006, questions about the EITC were raised after respondents were asked about whether they had filed Federal income taxes in the previous calendar year.

Weighted statistically significant differences between 2006 Round 22 respondents ($N=7{,}654$) and the remaining sample respondents, who for whatever reason were not interviewed in 2006 ($N=5{,}032$), were found on the 1979 baseline measures of age, education ethnicity/race, and sex. Those in the Round 22 sample were younger (17.7 vs. 18.0 years old, $p<.001$) and had completed fewer years of schooling at the time of the first interview than those in the Round 1 sample who were not in Round 22 (10.53 vs. 10.72, $p<.001$). White respondents had the lowest retention rate, 69.3%, compared to 77.6% for Black and 73.8% for Hispanic respondents ($p<.001$). Males had a lower retention rate than females, 67.0% vs. 74.5% ($p<.001$). Though statistically significant, these differences were deemed substantively slight due to the use of the weight measure.

For purposes of this study, NLSY79 participants were restricted to those 5,538 respondents who participated in every survey year, representing (unweighted) 43.7% and (weighted) 53.9% of the original cohort sample and (unweighted) 72.4% and (weighted) 76.3% of the Round 22 sample. To assess representativeness, this restrictive sample was compared to the 2,116 nonrespondents in one or more survey years on the 1979 baseline measures of age, education, race/ethnicity, and sex. To the extent little or no substantive differences were found on these measures, the 5,538 respondents who participated in every survey year were deemed sufficiently representative of the original cohort sample for purposes of this study.

Using the weighted measure, statistically significant but substantively slight differences between Round 22 respondents who were interviewed in every survey year through Round 22 ($N=5{,}538$) and those who were nonrespondents in one or more survey years ($N=2{,}116$) were found in the 1979 baseline measures of age, education, race/ethnicity, and sex. At the time of the first interview in 1979, those who were interviewed in every survey year were older than the nonrespondents in one or more years (17.7 vs. 17.8 years old, $p<.001$). They had completed fewer years of schooling (10.6 vs. 10.4, $p<.001$). Hispanic and non-Hispanic Black respondents had lower (weighted) survey participation rates (61.3% and 68.5%, respectively) than non-Hispanic Whites (78.3%, $p<.001$), and women had a higher participation rate than men (79.4% vs. 72.5%, $p<.001$). The NLSY79 study samples included those respondents who participated in all survey years and who had been determined EITC eligible by the mechanical method in survey years 2000, 2002, 2004, and 2006.

6.3.1.2 The National Longitudinal Survey of Youth, 1997 Cohort

Data were from Round 10 of the NLSY97, the newest survey in the NLS program and the most recent round of data available at the time of this study (U.S. Department of Labor, Bureau of Labor Statistics, 2009b). NLSY97 was designed to be representative of people living in the USA in 1997 who were born between 1980 and 1984. Many of the oldest youth (age 16 as of December 31, 1996) were still in school at the time of the first survey and the youngest respondents (age 12) had not yet entered the labor market. The NLSY97 cohort included 8,984 individuals. The Round 10 sample included 7,559 individuals, a retention rate of 84.1% (unweighted) and 83.3% (weighted) in 2006.

NLSY97 was deemed suitable for purposes of the present study because it began asking questions about filing for the EITC in 1997, and this item was included in every survey year thereafter (U.S. Department of Labor, Bureau of Labor Statistics, 2009b). Given the age of the cohort, the tax-related question during the earlier rounds of data collection was restricted to those in independent households who had reported income. Independent households were those whose respondents met any *one* of the following criteria: (a) 18 years of age or older, (b) had a child, (c) enrolled in a 4-year college, (d) ever been married, or in a married-like relationship at the time of survey, (e) no longer enrolled in school, or (f) not living with any parents or parent-figures. In Round 7, all NLSY97 respondents who reported income were deemed appropriate for the tax-related question. The NLSY97 was also deemed suitable because it can be considered a post-TANF cohort, one whose participants or their immediate families had little or no participation in the AFDC program which TANF replaced in 1996. In addition, this cohort matured, entering the labor market and forming their own families, as the EITC program expanded and became better known. Higher EITC take-up rates and lower TANF participation rates were expected vis-à-vis the NLSY79 cohort between 2000 and 2006.

Weighted statistically significant differences between 2006 Round 10 ($N = 7{,}559$) sample respondents and the remaining sample respondents who for whatever reason were not interviewed in 2006 ($N = 1{,}425$) were found in the 1997 baseline measures of age, education, race/ethnicity, and sex. The Round 10 sample was younger than the Round 10 noninterviews at the time of the first interview in 1997 (14.32 vs. 14.58 years old, $p < .001$). They had completed fewer years of schooling (7.69 vs. 8.01, $p < .001$). White and Hispanic respondents had lower (weighted) retention rates (82.7% and 83.1%, respectively) than Blacks (86.7%, $p < .001$), and women had a higher retention rate than men (84.4% vs. 82.3%, $p < .001$). Though statistically significant, invariably due to the use of the weight measure, these differences were deemed substantively slight, but were nonetheless kept in mind for analysis and discussion purposes.

For purposes of this study, NLSY97 participants were restricted to those 5,810 respondents who participated in every survey year, representing 64.7% of the original cohort sample and 76.9% of the Round 10 sample. To assess representativeness, this restrictive sample was compared to the 1,759 nonrespondents in one or more survey years on the 1997 baseline measures of age, education, race/ethnicity, and sex. To the extent little or no substantive differences were found in these measures, the 5,810 respondents who participated in every survey year were deemed sufficiently representative of the original cohort sample for purposes of this study.

Statistically significant but substantively slight differences between Round 10 respondents who were interviewed in every survey year through Round 10 ($N = 5{,}810$) and those who were nonrespondents in one or more survey years ($N = 1{,}759$) were found in the 1997 baseline measures of age, education, race/ethnicity, and sex. Those who were interviewed in every survey year were younger than the nonrespondents in one or more years at the time of the first interview in 1997 (14.27 years old vs. 14.68, $p < .001$) and had completed fewer years of schooling (7.65 vs. 8.01, $p < .001$). Hispanic and Black respondents had lower (weighted) survey participation rates (73.9% and 74.0%, respectively) than Whites (78.7%, $p < .001$), and women had a higher participation rate than men (80.7% vs. 74.3%, $p < .001$). The NLSY97 study samples included those respondents who (a) participated in all survey years; (b) reported income in survey years 2003, 2004, 2005, and 2006, and (c) provided responses to the survey item about whether they had filed for the EITC when filing their federal income tax returns for the preceding tax years 2002, 2003, 2004, and 2005.

6.3.2 Measures

6.3.2.1 The National Longitudinal Survey of Youth, 1979 Cohort

EITC tax filing status comprised two mutually exclusive categories of EITC-eligible Federal tax filing respondents: (a) EITC filers (coded 1) and (b) EITC nonfilers (coded 0). Only respondents who responded, “Yes,” to the question about whether they filed Federal income taxes the preceding tax year were subsequently asked if they also filed for the EITC. Tax filing data were gathered in survey years 2000, 2002, 2004, and 2006, respectively, for the preceding calendar or tax years of 1999, 2001, 2003, and 2005. EITC eligibility was made mechanically by the survey software at the time of the interview on the basis of respondents’ responses to “lead-in” questions about (a) sources of income, (b) household composition (specifically for the presence of a spouse), (c) whether any biological children had ever been reported, and (d) whether they filed tax forms in the calendar year preceding the survey year (McClaskie, 2005). Separate measures were created for EITC-eligible respondents with children and for those with no children. For purposes of the study reported in this chapter, the two EITC-eligibility measures, with children and without children, were combined. The study sample included only those respondents who participated in all survey years and who had been determined EITC eligible by the mechanical method in survey years 2000, 2002, 2004, and 2006. Blumenthal, Erard, and Ho (2005) noted the many difficulties associated with the determination of EITC participation rates, including assigning errors in survey-based studies relying on Current Population Survey (CPS) and Survey of Income and Program Participation (SIPP) data. Their study, which relied on administrative data, lacked relevant sociodemographic information, such as marital status and number of dependents. The mechanical procedure employed to obtain the NLSY79 data, while not necessarily error free, was deemed suitable for purposes of the present study, especially since the NLSY79 data files also included many sociodemographic measures.

To enable the determination of the prevalence and patterns of EITC use among EITC-eligible Federal tax filers, three related measures based on EITC tax filing status in each survey year between 2000 and 2006 were created. Two of these measures, number of years filed Federal taxes and number of years filed for the EITC, had values ranging from 0 to 4. The third, ever filed for the EITC, was coded 1 = yes and 0 = no.

Food Stamp, SSI, and TANF participation were derived from a series of created items indicating, by month, whether or not respondents had participated in these programs. Respondents who reported receipt of Food Stamps, SSI, or TANF payments in any month during the year were classified as Food Stamp, SSI, or TANF recipients accordingly.

Economic well-being, or SES, was constructed from two measures, each a function of official Federal poverty levels determined for each calendar year. CHRR staff created poverty status, a measure that accounted for family income and size in such a way that respondents whose income from all sources equaled or fell below official Federal poverty levels for the specified year were coded as 1 and others as 0. The income-to-poverty ratio (IPR) was a measure based on dividing total family income by the Federal family poverty level which CHRR staff determined for each respondent in light of total income and family size. An IPR > 1 signified that a respondent lived in a family above the poverty level, while an IPR ≤ 1, that a respondent lived in a family at or below the poverty line. To minimize lost respondents in any given survey year, interpolated means were calculated and imputed for annual missing IPR values. Three SES categories were created: (a) IPR ≤ 1 = poor; (b) >1 IPR ≤ 2 = near poor; and (c) IPR > 2 = affluent. Change in economic well-being was measured as percentage change in IPR from one survey year to the next. Two levels of change were used, one at ±5% and the other at ±10%.

Other sociodemographic measures included: (a) age, (b) education, (c) ethnicity/race, (d) presence of children in household, (e) region of residence, (f) SES history (number of years lived in a poor family), (g) sex, (h) weeks worked, and (i) urban residence. Age was age reported at the time of the interview. Education was measured as highest grade completed as of May 1 of the survey year. Respondents completing fewer than 12 years of education were classified as less than high school (the referent category); those completing 12 years of schooling as high school graduates; and those with more than 12 years and fewer than 16 years of completed schooling as some college; and those with 16+ years of schooling as college graduates. Ethnicity/race comprised four mutually exclusive categories: (a) Black (non-Hispanic), (b) Hispanic, (c) White (non-Hispanic), and (d) other (non-Hispanic). Although tax-related data were lagged 1 year behind any given survey year between 2000 and 2006, the presence of children at the time of the survey was used as a proxy for the presence of children under 18 years of age during the preceding calendar year.

Region of residence in any given survey year comprised dummy measures for Northeast, North Central, South (the referent category), and West. Sex was coded: 1 = female, 0 = male. Weeks worked were lagged, representing the number of weeks reported working in the calendar year prior to the survey year. Consistent with the U.S. Census Bureau (2008) definitions of work experience, year-round workers were those who reported working 50 or more weeks in a calendar year. Urban residence in any given survey year was coded: 1 = urban, 0 = other.

6.3.2.2 The National Longitudinal Survey of Youth, 1997 Cohort

Unlike the mechanical determination of EITC-eligibility status in NLSY79, in NLSY97 EITC participation was derived from a survey item asking respondents whether they (or their spouses or partners) claimed or planned to claim an EITC in the preceding calendar year's Federal Income Tax return. Self-reported response categories included (a) yes, (b) yes, planning to do so, (c) no, not eligible, (d) no, unaware, and (e) no, for other reasons. NLSY97 EITC-eligible respondents included those who responded (a) yes, they (or their spouses or partners) did claim or planned to claim and (b) no for other reasons. Those who responded yes or yes planning to do so were classified as EITC participants for purposes of this study. Those who responded "no, unaware" were classified accordingly and examined separately. NLSY79 had no provision to determine awareness of the EITC program, so its inclusion in NLSY97 offered the prospect of assessing EITC use among only those who were aware of the program, while also giving an indication of what proportion of the study sample was unaware of the program regardless of EITC-eligibility status. In a given survey year, those who responded "no, not eligible" were excluded from the determination of EITC-eligibility status.

Unlike NLSY79, there was no determination linking EITC-eligibility to the number of children in the NLSY97. However, the presence of children under 18 years of age and household size were survey items and were included in this study. Additionally, in NLSY97 respondents were not asked a lead-in question about filing Federal Income Tax returns, so there was no way to determine the proportion of EITC-eligible persons among Federal tax-filers or to control for Federal tax-filing behavior in general. Marital status, used as a proxy for tax-filing status, had the following mutually exclusive categories: (a) not married, cohabitating, (b) single, not cohabitating, and (c) married. While it is reasonable to assume that those in the first two categories were single person tax filers, there was no way to determine if married persons filed jointly or separately. Cohabitation was not an option in the NLSY79; thereby, precluding comparability in the two cohorts on the measure, marital status.

It should be noted that in the early rounds of NLSY97, only respondents who were classified as independent and who had reported income were asked if they had claimed the EITC in the previous calendar year's Federal Income Tax return. To be considered independent, respondents must have had at least *one* of these characteristics: (a) age 18 or older, (b) had a child, (c) enrolled in a 4-year college, (d) ever been married or in a marriage-like relationship at the time of the survey, (e) no longer enrolled in school, or (f) not living with any parents or parent-figures. Beginning in survey year 2003, Round 7, all respondents were deemed independent.

Food Stamp and TANF participation were derived from a series of created items indicating by month whether or not respondents had participated in these programs. Respondents who reported receipt of Food Stamps or TANF payments in any month during the year were classified as Food Stamp or TANF recipients accordingly. There were too few SSI recipients to be included for any significant analysis.

Economic well-being, or SES, was determined in a manner similar to that used in NLSY79. Three SES categories were created: (a) $\text{IPR} \leq 1 = \text{poor}$; (b) >1 $\text{IPR} \leq 2 = \text{near poor}$; and (c) $\text{IPR} > 2 = \text{affluent}$. To minimize lost respondents in any given survey year, interpolated means were calculated and imputed for annual missing IPR values. Change in economic well-being was measured as percentage change in IPR from one survey year to the next. Two levels of change were used, one at ±5% and the other at ±10%

Other sociodemographic measures included: (a) age, (b) education, (c) ethnicity/race, (d) presence of children under 18 years of age, (e) region of residence,

(f) SES history (number of years lived in a poor family), (g) sex, (h) weeks worked, (i) region of residence, and (j) urban residence. Each measure was constructed exactly the same as in NLSY79. Unlike NLSY79, however, lagged data were not problematic for the NLSY97 since interviews were conducted annually. This meant, for example, that data gathered in survey year 2006 represented conditions in 2005. Items such as marital status, SES, region of residence, and urban residence obtained from 2005 were used in the analysis that appears under survey year 2006.

6.4 Procedures

Weighted measures were used for all descriptive statistics. Logistic regression analysis was used to identify robust correlates or predictors of ever filed for the EITC and of EITC tax filing status in each survey year. The use of logistic regression analysis was deemed appropriate because in each instance the dependent measure was nominal with two values – survey participants did or did not file – and because it shows the likelihood or odds of filing for each independent study measure while taking other measures into account. The use of ever/never filers as the dependent measure provided a sharper focus on those EITC-eligible persons who year after year failed to file than would have been the case if the dependent measure was number of years filed. Any efforts directed at increasing the take-up rates of those who never filed over the study period in all likelihood would spill over to eligible intermittent filers who did not file every year for which they were eligible. Filing for the EITC in a previous calendar year was used as a control since other studies (e.g., Blumenthal et al., 2005; Erard & Ho, 2001) have shown this to be a most influential determinant of EITC filing status. To the extent other measures were determined to be statistically significant when taking EITC use in the previous calendar year into account, they were deemed robust. All analyses were done using SPSS 16.0.

6.5 Limitations

Reliance on the NLSY79 and NLSY97 cohorts pose several limitations. These cohorts are not representative of the entire US adult population. Data are self-reported. Income and tax data are lagged 1 year. There is some attrition of survey participants over time. Such limitations are not unusual for national level data files, and they are compensated for by sampling weights, oversampling of Black and low-income persons, and continuity of measures over time. Further, both data files are rich sources of sociodemographic, labor market, and other information about survey participants and their families.

6.6 Findings

6.6.1 *Descriptive Statistics*

6.6.1.1 The National Longitudinal Survey of Youth, 1979 Cohort

Program Use by Number of Years of Participation

Nearly two fifths (38.3%) of the NLSY79 study sample were found eligible for the EITC between survey years 2000 and 2006. As Table 6.1 shows, a moderately strong correlation was found between eligibility for the EITC and filing for the tax credit between 2000 and 2006 ($r=.617$, $p<.001$). In addition, EITC-eligibility was positively correlated with Food Stamp participation ($r=.161$, $p<.001$).

Filing for the EITC also was positively associated with the use of Food Stamps ($r=.265$, $p<.001$) and, to a lesser extent, of TANF ($r=.065$, $p<.001$). Use of Food Stamps also was positively correlated with TANF participation ($r=.413$, $p<.001$) and, to a lesser extent, with SSI ($r=.281$, $p<.001$). TANF participation was positively related to the use of SSI ($r=.177$, $p<.001$).

As can be seen in Table 6.2, nearly half (43.4%) of those ever eligible for the EITC were eligible for 1 year, more than one fifth (22.6%) for 2 years, and the remainder closely split between 3 years (17.4%) and 4 years (16.6%).

Of those found eligible for the EITC between 2000 and 2006, 51.4% never filed for the EITC, 24.3% filed for it at least one time, another 11.8% filed twice, 7.8% three times, and 4.7% four times. About 25% of those eligible for the EITC filed for the credit every year for which they were eligible; 26.4% of those eligible for 1 year

Table 6.1 Correlation matrix of NLSY79 number of years of program participation use among ever EITC-eligible tax-filing families between 2000 and 2006 ($N=2{,}308$)

	EITC-eligible	EITC-filer	Food Stamps	SSI	TANF
EITC-eligible	1.000				
EITC-filer	0.617***	1.000			
Food Stamps	0.161***	0.265***	1.000		
SSI	0.012	0.350	0.281***	1.000	
TANF	0.005	0.065**	0.413***	0.177***	1.000

**$p<.01$; ***$p<.001$

Table 6.2 Percentage (weighted) distribution of NLSY79 ever EITC-eligible tax-filing families who filed for the EITC between 2000 and 2006 by number of years ($N=2{,}308$)

	Number of years filed for EITC					
Number of years EITC-eligible	0	1	2	3	4	Total
1	73.6	26.4	00.0	00.0	00.0	43.4
2	46.8	27.4	25.8	00.0	00.0	22.6
3	29.1	23.8	21.8	25.4	00.0	17.4
4	22.8	15.1	13.4	20.5	28.1	16.6
Total	51.4	24.3	11.8	07.8	04.7	100.0

filed for the credit; 25.8% of those eligible for 2 years filed for the credit in 2 years; 25.4% of those eligible for 3 years filed for the credit in 3 years; and 28.1% of those eligible for 4 years filed for 4 years.

Ever EITC-eligible women (55.5%) were more likely than ever EITC-eligible men (39.4%) to file for the EITC at least one time between 2000 and 2006. Non-Hispanic Blacks (61.9%) were most likely to file at least one time, with non-Hispanic Whites (45.0%) the least likely and Hispanics (54.5%) falling between them. Those who had not completed high school in 2000 (60.9%) were most likely among EITC-eligible subjects to file for the EITC at least one time between 2000 and 2006, with college graduates (24.1%) least likely, and high school graduates (52.9%) and those with some college (46.7%) falling between them.

As can be seen in Tables 6.3–6.5, overwhelming majorities of EITC-eligible subjects were not participants of Food Stamps (85.2%), SSI (91.9%), or TANF (96.3%) over the entire study period between 2000 and 2006.

Table 6.3 Percentage (weighted) distribution of NLSY79 ever EITC-eligible tax-filing families who were Food Stamp recipients between 2000 and 2006 by number of years (N=2,308)

	Number of years Food Stamp recipient					
Number of years EITC-eligible	0	1	2	3	4	Total
1	92.7	04.6	01.4	01.0	00.3	45.6
2	83.9	08.0	05.0	01.9	01.1	21.9
3	80.0	11.9	04.9	01.9	01.4	16.7
4	71.1	17.6	05.3	04.8	01.2	15.7
Total	85.2	08.6	03.4	01.9	00.8	100.0

Table 6.4 Percentage (weighted) distribution of NLSY79 ever EITC-eligible tax-filing families who were SSI recipients between 2000 and 2006 by number of years (N=2,308)

	Number of years SSI recipient					
Number of years EITC-eligible	0	1	2	3	4	Total
1	93.4	03.3	01.2	01.1	01.0	45.6
2	92.6	03.4	01.9	01.2	01.0	21.9
3	87.4	07.2	02.5	01.7	01.2	16.7
4	91.1	04.4	02.4	01.1	01.0	15.7
Total	91.9	04.2	01.8	01.2	01.0	100.0

Table 6.5 Percentage (weighted) distribution of NLSY79 ever EITC-eligible tax-filing families who were TANF recipients between 2000 and 2006 by number of years (N=2,308)

	Number of years TANF recipient					
Number of years EITC-eligible	0	1	2	3	4	Total
1	97.5	02.1	00.2	00.1	00.1	45.6
2	94.9	03.9	00.6	00.5	00.1	21.9
3	95.8	03.3	00.8	00.1	00.0	16.7
4	94.9	03.8	01.2	01.1	00.0	15.7
Total	96.3	03.0	00.5	00.2	00.1	100.0

Consistent with the correlation matrix in Table 6.1, the percentage of Food Stamp participation increased with nearly every year of EITC-eligibility. For example, as Table 6.3 shows, the percentage of those who were Food Stamp recipients for 1 year increased from 4.6% of those eligible for EITC for 1 year to 17.6% for those eligible for EITC for 4 years. Likewise, the percentage of those who were Food Stamp recipients for 3 years increased from 1.0% of those eligible for the EITC for 3 years to 4.8% for those eligible for EITC for 4 years. The only notable exception was a decline in the percentage of Food Stamp recipients from 1.4% for those eligible for the EITC for 3 years to 1.2% for those eligible for the EITC for 4 years.

As was the case with EITC-eligible subjects, overwhelming majorities of EITC filers did not participate in Food Stamps (84.8%), SSI (91.7%), or TANF (96.2%) over the entire study period between 2000 and 2006 (see Tables 6.6–6.8). Consistent with the correlation matrix in Table 6.1, the percentage of Food Stamp participation increased with nearly every year of filing for EITC. For example, as Table 6.6 shows, the percentage of those who were Food Stamp recipients for 1 year increased from 4.0% of those eligible for EITC for 1 year to 25.8% for those filing for the EITC for 4 years. Likewise, the percentage of those who were Food Stamp recipients for 3 years increased from 0.06% of those filing for EITC for 3 years to 6.5% for those filing for the EITC for 4 years. And the only notable exception was a decline in the percentage of Food Stamp recipients from 3.0% for those filing for

Table 6.6 Percentage (weighted) distribution of NLSY79 Food Stamp participation among EITC-eligible families by number of years of filing for the EITC and of Food Stamp receipt between 2000 and 2006 ($N=2{,}308$)

	Number of years Food Stamp recipient					
Number of years EITC-filer	0	1	2	3	4	Total
0	93.3	04.0	01.5	00.6	00.2	51.4
1	84.6	09.5	02.9	02.1	00.9	24.3
2	72.1	14.5	08.2	03.7	01.5	11.8
3	66.4	19.2	05.1	06.3	03.0	07.8
4	54.7	25.8	10.2	06.5	02.8	04.7
Total	84.8	09.0	03.3	02.0	00.9	100.0

Table 6.7 Percentage (weighted) distribution of NLSY79 SSI participation among EITC-eligible families by number of years of filing for the EITC and of SSI receipt between 2000 and 2006 ($N=2{,}308$)

	Number of years SSI recipient					
Number of years EITC-filer	0	1	2	3	4	Total
0	91.4	03.4	00.9	00.7	00.9	51.4
1	88.5	05.0	03.3	02.0	01.2	24.3
2	91.7	04.7	01.2	01.8	00.6	11.8
3	88.9	05.4	03.5	00.8	00.4	07.8
4	84.8	08.2	03.5	01.0	02.5	04.7
Total	91.7	04.3	01.9	01.2	01.0	100.0

EITC for 3 years to 2.8% for those filing for the EITC for 4 years. As can be seen in Table 6.8, the weaker correlation found between EITC-filers and TANF participation was due to the near absence of those participating in TANF 3 or 4 years and those filing for EITC for 3 or 4 years.

Program Use by Year of Participation

In any given survey year between 2000 and 2006 only small percentages of EITC-eligible subjects participated in Food Stamps, TANF, and SSI. As Table 6.9 shows, less than 1% participated only in Food Stamps, TANF, or SSI in every survey year.

Table 6.8 Percentage (weighted) distribution of NLSY79 TANF participation among EITC-eligible families by number of years of filing for the EITC and of TANF receipt between 2000 and 2006 (*N*=2,308)

	Number of years TANF recipient					
Number of years EITC-filer	0	1	2	3	4	Total
0	98.2	01.6	00.3	00.0	00.0	51.4
1	95.0	04.3	00.4	00.2	00.1	24.3
2	93.3	04.6	00.7	01.3	00.2	11.8
3	94.6	02.7	02.7	00.0	00.0	07.8
4	90.7	08.6	00.7	00.2	00.0	04.7
Total	96.2	03.0	00.6	00.2	00.0	100.0

Table 6.9 Percentage (weighted) distribution of public expenditure program participation among NLSY79 EITC-eligible tax-filing families by survey year, 2000–2006

	Survey year			
Public expenditure program	2000 (*N*=2,158)	2002 (*N*=1,899)	2004 (*N*=1,613)	2006 (*N*=1,451)
Food Stamps				
Food Stamps only	0.12	0.02	0.12	0.71
Food Stamps & EITC	3.35	3.02	2.91	5.31
EITC only	60.71	56.03	50.69	50.99
Neither EITC nor Food Stamps	35.52	40.92	46.23	43.98
TANF				
TANF only	0.01	0.02	0.10	0.04
TANF & EITC	1.28	0.42	0.52	0.73
EITC only	63.17	58.73	53.17	55.58
Neither EITC nor TANF	35.47	40.82	46.21	43.65
SSI				
SSI only	0.35	0.38	0.46	0.44
SSI & EITC	2.36	2.13	2.02	2.83
EITC only	62.08	57.03	51.69	53.48
Neither EITC nor SSI	35.21	40.46	45.82	43.25

As Table 6.10 shows, with one exception; namely, Food Stamp and EITC participants in 2006, less than 5% participated in EITC and either Food Stamps, TANF, or SSI. EITC-eligible subjects were more likely to participate in both Food Stamps and EITC in any given survey year between 2000 and 2006 (3.35% in 2000, 3.02% in 2002, 2.91% in 2004, and 5.31% in 2006) than they were to participate in both SSI and EITC (0.35% in 2000, 0.38% in 2002, 0.46% in 2004, and 0.44% in 2006) or in both TANF and EITC (0.12% in 2000, 0.02% in 2002, 0.12% in 2004, and 0.71% in 2006).

Table 6.10 highlights the study sample characteristics of EITC-filers for each survey year between 2000 and 2006. Take-up rates ranged from a low of 44.2% in 2006 when 483 of 1,451 EITC-eligible study subjects filed for EITC to a high of 50.7% in 2004 when 588 of 1,095 did.

As Table 6.10 shows, take-up rates exhibited a fairly consistent pattern across survey years by sample characteristics, with most high-low percentage differences less than 10%. Notable exceptions included EITC-eligible families with children present, low-income families, married joint or separate tax filers, three of four employment auspices, Northeast region of residence, TANF recipients, and SSI recipients. Families with children present, for example, had their lowest take-up rate at 53.7% in 2000 and highest at 63.8% in 2004. Low-income EITC-eligible individuals and their families had their lowest take-up rate at 49.7% in 2000 and highest at 62.8% in 2006. Married persons who filed joint tax returns had their lowest take-up rate at 33.1% in 2002 and highest at 46.4% in 2004. Married persons who filed separate tax returns had their lowest take-up rate at 41.2% in 2006 and highest at 52.9% in 2004. EITC-eligible individuals and their families residing in the Northeast had their lowest take-up rate at 32.4% in 2002 and highest at 45.3% in 2004. Government employees had their lowest take-up rate at 35.4% in 2006 and highest at 59.2% in 2002. Private nonprofit employees had their lowest take-up rate at 51.7% in 2000 and highest at 62.6% in 2006. Self-employed persons, who also had the lowest take-up rates along with more affluent persons across all survey years, had their lowest take-up rate at 25.5% in 2002 and highest at 40.1% in 2006. TANF recipients, who along with Food Stamp recipients had the most consistently highest take-up rates of all sociodemographic groups in each survey year, had their lowest take-up rate at 59.5% in 2002 and highest at 90.0% in 2006. Finally, SSI recipients had their lowest take-up rate at 42.3% in 2004 and highest at 61.9% in 2000.

Additionally, positive relationships were found between EITC tax-filing status and family size in every survey year. In 2000, EITC tax-filers had an average of 3.56 persons per family vis-à-vis 2.98 for EITC-eligible non-EITC-filers; 3.36 vs. 3.01 in 2002, 3.33 vs. 2.66 in 2004, and 3.06 vs. 2.50 in 2006.

Changes in Economic Well-Being

As Table 6.11 shows, proportionately more EITC-eligible persons and their families reported improved economic well-being between survey years, as measured by

Table 6.10 Percentage (weighted) distribution of NLSY79 EITC-eligible tax-filing families who filed for the credit by sample characteristics and survey year

	Survey year			
Sample characteristics	2000 ($n=700$)	2002 ($n=651$)	2004 ($n=588$)	2006 ($n=483$)
EITC-eligible	44.6 ($N=1{,}431$)	46.1 ($N=1{,}275$)	50.7 ($N=1{,}094$)	44.2 ($N=1{,}451$)
Sociodemographic characteristics				
Children present in household	53.7	54.6	63.8	57.6
Education				
< High school	54.2	50.1	53.1	53.5
High school graduate	44.7	48.5	53.1	47.0
Some college	44.0	50.3	53.8	42.9
College graduate	30.7	23.0	29.6	20.9
Ethnicity/race				
Black non-Hispanic	50.8	57.2	55.8	55.4
Hispanic	51.1	49.6	50.7	48.5
White non-Hispanic	42.4	42.5	49.2	40.7
SES				
Poor (IPR $\leq$ 1)	49.7	57.3	58.0	62.8
Near poor (>1IPR $\leq$ 2)	58.9	54.0	62.0	55.9
Affluent (IPR > 2)	30.8	34.8	36.2	26.0
Sex				
Female	52.4	51.7	57.2	50.5
Male	31.6	36.5	39.4	33.8
Tax filing status				
Single taxpayer	35.8	37.0	36.8	35.4
Married joint return	36.1	33.1	46.4	33.6
Married separate returns	43.8	49.2	52.9	41.2
Unmarried house hold head	73.8	80.3	72.4	79.8
Region of residence				
Northeast	34.9	32.4	45.3	34.4
North Central	45.7	47.4	50.4	43.6
South	47.0	50.5	54.6	48.8
West	44.2	44.6	45.1	44.1
Residence type				
Urban	44.5	46.3	51.4	43.5
Other	45.1	45.9	49.8	46.0
Work characteristics				
Employer auspices				
Government	50.1	59.2	58.3	35.4
Private for profit	45.8	50.0	52.9	50.3
Private non-profit	51.7	54.8	56.7	62.6

(continued)

Table 6.10 (continued)

Sample characteristics	Survey year 2000 ($n=700$)	2002 ($n=651$)	2004 ($n=588$)	2006 ($n=483$)
Self-employed/family business	30.3	25.5	33.5	40.1
Work status				
Year-round worker	44.6	45.8	52.1	45.5
Other workers	44.7	46.5	48.7	42.3
Program participation status				
Food Stamps	73.2	81.6	80.6	72.6
TANF	63.3	59.5	59.7	90.0
SSI	61.9	59.7	42.3	49.7
None (of these three)	41.7	43.4	49.1	40.7

Table 6.11 Percentage (weighted) distribution of NLSY79 EITC-eligible tax-filing persons and their families by EITC tax-filing status and extent of change in IPR, survey years 2000–2006 (tax years 1999–2005)

EITC filing status	Decrease by 5%(10% or more)	About the same	Increase by 5% (10% or more)
Extent of change in IPR from 2000 to 2002 (1999–2001)			
EITC filer 2000			
No	30.8 (28.0)	07.4 (12.3)	61.8 (59.7)
Yes	35.0 (31.4)	07.3 (15.7)	57.7 (52.9)
Extent of change in IPR from 2002 to 2004 (2001–2003)			
EITC filer 2002			
No	35.3 (31.2)	05.9 (14.6)	58.8 (54.2)
Yes	41.5 (36.8)	09.0 (16.8)	49.5 (46.3)
Extent of change in IPR from 2004 to 2006 (2003–2005)			
EITC filer 2004			
No	35.4 (32.0)	10.8 (17.0)	53.8 (51.0)
Yes	42.1 (37.6)	06.2 (14.9)	51.8 (47.5)
Extent of change in IPR from 2000 to 2006 (1999–2005)			
EITC filer 2000			
No	34.6 (32.4)	04.1 (07.5)	61.3 (60.1)
Yes	34.8 (32.7)	04.4 (08.6)	60.8 (58.7)

a ±5% or ±10% change in their respective IPRs. In addition, the percentage point differences between IPR decliners and increasers were greater for non-EITC filers. For example, 35.0% of EITC-filing families in 2000 reported a 5% or more IPR decline in 2002 vis-à-vis 57.7% who reported a 5% or more IPR increase, a 22.7 percentage point difference; whereas, 30.8% of non-EITC filers reported 5% IPR declines vis-à-vis 61.8% who reported 5% IPR increases, a 31.0 percentage point difference. Likewise, 31.4% of EITC-filing families in 2000 reported a 10% or more IPR decrease in 2002 vis-à-vis 52.9% who reported a 10% IPR increase, an 11.5 percentage point difference; whereas, 28.0% of non-EITC filers reported a 10% IPR decline vis-à-vis 59.7% who reported a 10% increase, a 31.7 percentage point difference. This pattern held in 2002 and 2004.

In 2002, 41.5% of EITC-filing families reported a 5% or more IPR decline in 2004 vis-à-vis 49.5% who reported a 5% or more IPR increase (an 8.0 percentage point difference); whereas, 35.3% of non-EITC filers reported 5% IPR declines vis-à-vis 58.8% who reported 5% IPR increases (a 23.5 percentage point difference). Likewise, 36.8% of EITC-filing families in 2002 reported 10% or more IPR decrease vis-à-vis 46.3% who reported a 10% IPR increase (a 9.5 percentage point difference); whereas, 31.2% of non-EITC filing families reported a 10% IPR decrease vis-à-vis 54.2% who reported a 10% IPR increase (a 23.0 percentage point difference).

In 2004, 42.1% of EITC-filing families reported a 5% or more IPR decline in 2004 vis-à-vis 51.8% who reported a 5% or more IPR increase (a 9.7 percentage point difference); whereas, 35.4% of non-EITC filers reported 5% IPR declines vis-à-vis 53.8% who reported 5% IPR increases (an 18.4 percentage point difference). Likewise 37.6% of EITC-filing families in 2002 reported a 10% or more IPR decrease vis-à-vis 47.5% who reported a 10% IPR increase (a 9.9 percentage point difference); whereas, 32.0% of non-EITC filing families reported a 10% IPR decrease vis-à-vis 51.0% who reported a 10% IPR increase (a 19.0 percentage point difference).

As Table 6.11 also shows, the pattern of IPR change among EITC-eligible persons and their families was remarkably similar for EITC tax filers and nonfilers from one survey year to the next, as well as between survey year 2000 and survey year 2006. About the same percentages of EITC-eligible persons and their families who filed for the EITC in 1 year reported a 5% or more decline in their IPR the following survey year as did those who did not file for the EITC: 35.0% vs. 30.8% in 2000, 42.5% vs. 35.3% in 2002, 42.1% vs. 35.4% in 2004, and 34.8% vs. 34.6% in 2006. Likewise, the same percentages of EITC-eligible persons and their families who filed for the EITC in 1 year also reported a 5% or more increase in their IPR the following survey year as did those who did not file for the EITC: 59.7% vs. 61.8% in 2000, 49.5% vs. 58.8% in 2002, 51.8% vs. 53.8% in 2004, and 60.8% vs. 61.3% in 2006.

This same pattern held for those reporting ±10% IPR changes: 31.5% vs. 28.0% in 2000, 36.8% vs. 31.2% in 2002, 37.6% vs. 32.0% in 2004, and 32.7% vs. 32.4% between 2000 and 2006 among those reporting 10% decreases and 52.9% vs. 59.7% in 2000, 46.3% vs. 54.2% in 2002, 47.5% vs. 51.0% in 2004, and 58.7% vs. 60.1% between 2000 and 2006 for those reporting 10% IPR increases.

These findings suggest that the EITC may have less of a positive impact on economic well-being than policy makers and advocates for low-income families had hoped. Such a conclusion at this point is premature since the NLSY79 cannot account for awareness of the EITC among EITC-eligible persons and their families. The NLSY97 does, and the analyses proceed to this source of data.

6.6.1.2 The National Longitudinal Survey of Youth, 1997 Cohort

Program Use by Number of Years of Participation

More than half (54.7%) of the NLSY97 sample ($N=5{,}250$) was found aware and eligible for the EITC between survey years 2003 and 2006. As Table 6.12 shows, among those aware of EITC, a moderately strong correlation was found between the eligibility for the credit between 2003 and 2006 and filing for it ($r=.734$, $p<.001$). In addition, EITC-eligibility was positively correlated with Food Stamp participation ($r=.700$, $p<.001$) and to a lesser extent with TANF participation ($r=.218$, $p<.001$).

Filing for the EITC also was positively associated with TANF participation ($r=.252$, $p<.001$) and, to a lesser extent, of use with Food Stamps ($r=.097$, $p<.001$). TANF participation also was positively correlated with the use of Food Stamps ($r=.510$, $p<.001$).

As can be seen in Table 6.13, nearly half (42.6%) of the NLSY97 sample was aware and eligible for 1 year, nearly one third (31.1%) for 2 years, and nearly one fifth for 3 years (18.0%). Of those found aware and eligible for the EITC between 2003 and 2006 nearly one third (32.9%) never filed for the EITC, more than one third (35.3%) filed for it at least one time, nearly one fifth (17.2%) filed twice, slightly less than one tenth (9.3%) three times, and one twentieth (5.4%) four times. Between 40% and 65% of those aware and eligible for the EITC filed for the credit every year for which they were eligible – 47.2% of those eligible for 1 year filed for the credit; 39.3% of those eligible for 2 years filed for the credit in 2 years; 42.3% eligible for 3 years filed for 3 years; and 64.0% of those eligible for 4 years filed for 4 years.

Table 6.12 Correlation matrix of NLSY97 number of years of program participation use among ever EITC-aware and eligible tax-filing families between 2000 and 2006

	EITC-aware & eligible	EITC-filer	Food Stamps	TANF
EITC-aware & eligible	1.000			
EITC-filer	0.734***	1.000		
Food Stamps	0.700***	0.097***	1.000	
TANF	0.218***	0.252***	0.510***	1.000

Note. *** $p\leq.001$

Table 6.13 Percentage (weighted) distribution of NLSY97 ever EITC-aware and EITC-eligible tax-filing families who filed for EITC between 2003 and 2006 by number of years ($N=4{,}382$)

	Number of years filed for EITC					
Number of years EITC-eligible	0	1	2	3	4	Total
1	52.8	47.2	00.0	00.0	00.0	42.6
2	24.8	35.9	39.3	00.0	00.0	31.1
3	13.5	20.6	23.6	42.3	00.0	18.0
4	03.4	04.5	08.1	20.0	64.0	08.4
Total	32.9	35.3	17.2	09.3	05.4	100.0

Ever EITC-aware and eligible women (69.8%) were more likely than ever EITC-aware and eligible men (64.3%) to file for the EITC at least one time between 2003 and 2006. Non-Hispanic Blacks (73.5%) were most likely to file at least one time followed closely by Hispanics (72.8%), with non-Hispanic Whites (64.7%) the least likely. Those who had not completed high school in survey year 2002 (70.3%) and high school graduates (69.6%) were most likely among EITC-aware and eligible subjects to file for the EITC at least one time between 2003 and 2006, with college graduates (57.7%) least likely, and those with some college (62.2%) falling between them.

As can be seen in Tables 6.14 and 6.15, overwhelming majorities of EITC-aware and eligible subjects were not participants of Food Stamps (82.8%) or TANF (95.5%) over the entire study period between 2003 and 2006.

Consistent with the correlation matrix in Table 6.12, the percentage of Food Stamp participation increased with every year of EITC-eligibility. For example, as Table 6.14 shows, the percentage of those who were Food Stamp recipients for 1 year increased from 5.1% of those aware and eligible for the EITC for 1 year to 10.1% for those aware and eligible for the EITC for 4 years. Likewise, the percentage of those who were Food Stamp recipients for 3 years increased from 1.7% of those aware and eligible for the EITC for 3 years to 9.0% for those eligible for the EITC for 4 years. Unlike NLSY79, there were no exceptions in regard to EITC-eligibility and Food Stamp participation. As Table 6.15 shows, the weaker correlation found between EITC-eligibility and TANF participation was due to the greater variability in percentages of use among those who participated in TANF two or more years as the number of years of awareness and eligibility increased. Only among those who

Table 6.14 Percentage (weighted) distribution of NLSY97 ever EITC-aware and eligible tax-filing families who were Food Stamp recipients between 2003 and 2006 by number of years

EITC-aware & eligible	Food Stamp recipient 0	1	2	3	4	Total
1	89.7	05.1	02.0	01.7	01.5	42.6
2	83.3	07.6	04.7	02.4	02.0	31.1
3	76.8	09.1	06.8	03.9	03.4	18.0
4	59.0	10.1	12.3	09.0	09.5	08.4
Total	82.8	07.0	04.6	02.9	02.7	100.0

Table 6.15 Percentage (weighted) distribution of NLSY97 ever EITC-aware and eligible tax-filing families who were TANF recipients between 2003 and 2006 by number of years

EITC-aware & eligible	TANF recipients 0	1	2	3	4	Total
1	96.6	01.1	01.3	00.6	00.3	42.6
2	95.9	01.5	01.6	00.6	00.3	31.1
3	94.9	02.4	01.2	01.3	00.2	18.0
4	89.6	05.1	03.5	01.4	00.4	08.4
Total	95.5	01.8	01.6	00.8	00.3	100.0

Table 6.16 Percentage (weighted) distribution of NLSY97 EITC-aware and eligible tax filers who were Food Stamp recipients between 2003 and 2006 by number of years

	Food Stamp recipients					
EITC-aware & eligible filer	0	1	2	3	4	Total
0	90.3	04.7	02.0	01.6	01.4	
1	86.3	06.9	03.5	01.9	01.4	42.6
2	78.5	09.1	06.1	03.4	02.8	31.1
3	68.8	09.9	08.7	05.5	07.1	18.0
4	52.5	10.3	14.8	12.2	10.3	08.4
Total	95.5	07.0	04.6	02.9	07.2	100.0

Table 6.17 Percentages (weighted) of NLSY97 EITC-aware and eligible tax filers who were TANF recipients between 2003 and 2006 by number of years

	TANF recipients					
EITC-aware & eligible filer	0	1	2	3	4	Total
0	97.6	01.1	00.7	00.4	00.2	
1	95.8	01.4	01.8	00.7	00.4	42.6
2	95.0	01.9	02.0	00.8	00.3	31.1
3	91.9	03.9	01.8	02.1	00.2	18.0
4	88.5	05.3	04.1	01.7	00.4	08.4
Total	95.5	01.8	01.6	00.8	00.3	100.0

participated in TANF 1 year did percentage participation increase as number of years of awareness and eligibility increased, from 1.1% to 5.1% accordingly.

As was the case with EITC-aware and eligible subjects, overwhelming majorities of EITC filers did not participate in Food Stamps (95.5%) or TANF (95.5%) over the entire study period between 2003 and 2006 (see Tables 6.16 and 6.17). Consistent with the correlation matrix in Table 6.12, the percentage of Food Stamp participation increased with every year of filing for EITC. For example, as Table 6.16 shows, the percentage of those who were Food Stamp recipients for 1 year increased from 4.7% of those eligible for EITC for 1 year to 10.3% for those filing for EITC for 4 years. Likewise, the percentage of those who were Food Stamp recipients for 3 years increased from 1.6% of those filing for the EITC for 3 years to 12.2% for those filing for EITC for 4 years. And as was the case among those aware and eligible for EITC in regard to Food Stamps, there were no exceptions among EITC filers. As can be seen in Table 6.17, the weaker correlation found between EITC-filers and TANF participation was due to the near absence of those participating in TANF 4 years and those filing for the EITC for 3 or 4 years.

Program Use by Year of Participation

Table 6.18 shows that only small percentages of EITC-aware and eligible subjects participated in any direct cash public expenditure programs in general and in TANF in particular between 2003 and 2006: less than 1% participating only in these programs in any given survey year. Participation in the Food Stamp voucher

Table 6.18 Percentage (weighted) distribution of public expenditure program participation among NLSY97 EITC-aware and eligible tax-filing families by survey year, 2003–2006

Public expenditure program	Survey year 2003 (N=2,947)	2004 (N=2,901)	2005 (N=2,926)	2006 (N=2,968)
Any cash expenditure program (CEP)[a]				
Any CEP only	0.60	0.60	0.60	0.60
Any CEP & EITC	0.80	1.30	1.10	1.70
EITC only	35.10	40.20	47.80	49.70
Neither EITC nor any CEP	63.50	57.90	50.40	48.00
Food Stamps				
Food Stamps only	4.10	2.70	3.30	3.00
Food Stamps & EITC	3.35	6.10	8.00	9.60
EITC only	31.8	35.50	41.00	41.80
Neither EITC nor Food Stamps	62.0	55.70	47.60	45.60
TANF				
TANF only	0.80	0.60	0.60	0.60
TANF & EITC	0.60	1.50	1.30	1.90
EITC only	35.10	40.10	47.80	49.60
Neither EITC nor TANF	63.50	57.80	50.30	47.90

Note. [a]Any CEP excludes unemployment insurance and workers' compensation

program was slightly higher than that in the cash expenditure programs, ranging from 2.7% in 2004 to 4.1% in 2003.

As Table 6.18 shows, less than 2% of EITC-aware and eligible subjects participated in EITC and any direct expenditure program in general or in TANF. EITC-aware and eligible subjects were more likely to participate in EITC and Food Stamps in any given survey year, ranging from a low of 3.35% in 2003 to a high of 9.60% in 2006.

Table 6.19 highlights the sample characteristics of EITC-aware and eligible filers between 2003 and 2006. Take-up rates ranged from a low of 57.5% in 2003 when 1,104 of 1,886 EITC-aware and eligible subjects filed for the EITC to a high of 71.1% in 2006 when 1,623 of 2,332 did.

As Table 6.19 shows, variation in the take-up rates in the NLSY97 sample was greater than that in the NLSY79 cohort, with more measures having high-low differences across survey years exceeding 10 percentage points. In addition to three of four employment auspices which had differences in excess of 10 percentage points across survey years in the NLSY97 cohort sample, in the NLSY97 cohort sample 10 percentage point differences were found for all education levels except college graduates, Blacks, Hispanics, upper income, females, two of four regions of residence, urban residence, and nonyear round working subjects. EITC-aware and eligible subjects who completed less than 12 years of schooling, for example, had their lowest take-up rate at 59.2% in 2003 and highest at 74.3% in 2006. All racial/ethnic groups increased their take-up rates, with Blacks and Hispanics doing so by the largest percentage differences from about 60% in 2003 to over 70% in 2006. Upper income (IPR>2) EITC-aware and eligible subjects also increased take-up rates,

Table 6.19 Percentage (weighted) of NLSY97 EITC-aware and eligible tax-filing families who filed for the credit by sample characteristics and survey year

Sample characteristics	Survey year 2003 ($n=1{,}104$)	2004 ($n=1{,}251$)	2005 ($n=1{,}504$)	2006 ($n=1{,}623$)
Sociodemographic characteristics				
Children present in household				
No	51.0	48.3	54.7	54.8
Yes	82.5	85.9	84.6	87.9
Education				
< High school	59.2	69.0	67.1	74.3
High school graduate	60.8	57.9	69.1	74.1
Some college	51.7	53.7	62.1	63.8
College graduate	56.2	53.8	53.3	51.6
Ethnicity/race				
Black non-Hispanic	61.4	64.5	66.0	72.4
Hispanic	58.3	58.3	67.6	74.0
White non-Hispanic	56.5	56.9	62.5	63.6
SES				
Poor (≤1)	61.6	61.9	60.4	69.0
Near poor (>1 IPR ≤ 2)	65.0	63.5	71.8	71.1
Affluent (IPR > 2)	53.7	57.0	62.3	64.9
Sex				
Female	59.4	62.9	67.5	72.5
Male	55.3	53.3	59.7	60.9
Marital status				
Not married, cohabitating	69.3	64.4	70.1	73.0
Single, not cohabitating	53.7	53.4	58.5	60.8
Married	69.8	75.3	76.5	78.7
Region of residence				
Northeast	58.7	53.8	52.4	55.1
North Central	60.0	65.8	73.9	70.6
South	58.3	56.2	62.0	66.0
West	52.3	56.9	67.0	76.5
Residence type				
Urban	58.1	58.6	64.4	68.8
Other	56.2	57.9	62.1	61.8
Work characteristics				
Employer auspices				
Government	43.9	64.8	61.4	52.6
Private for profit	60.2	58.6	65.2	70.2
Private nonprofit	43.3	54.4	65.0	70.4
Self-employed/family business	48.5	52.0	56.6	59.9
Work status				
Year-round worker	59.5	61.4	63.5	66.7
Other workers	56.0	55.5	64.1	67.5

(continued)

Table 6.19 (continued)

Sample characteristics	Survey year 2003 ($n=1,104$)	2004 ($n=1,251$)	2005 ($n=1,504$)	2006 ($n=1,623$)
Program participation status				
Any cash expenditure program	77.0	83.0	82.4	84.0
Food Stamps	81.5	81.6	79.4	83.7
TANF	75.0	80.1	70.7	81.2
Neither Food Stamps nor TANF	55.4	55.3	61.5	64.1

Note. Take-up rates ranged from a low of 57.5% in 2003 when 1,104 of 1,886 EITC-aware and eligible subjects filed for the EITC to a high of 71.1% in 2006 when 1,623 of 2,332 did

from a low of 53.7% in 2003 to 64.9% in 2006. Although both women and men increased their take-up rates, women did so more dramatically, from a low of 59.4% in 2003 to 72.5% in 2006 vis-à-vis from 55.3% in 2003 to 60.9% in 2006 for men.

EITC-aware and eligible individuals and their families residing in the South steadily increased their take-up rates, from 52.3% in 2003 to 76.5% 2006, while those who resided in North Central USA increased their take-up rates from a low of 60.0% in 2003 to a high of 73.9% in 2005. EITC-aware and eligible urban subjects also steadily increased their take-up rates from 58.1% in 2003 to 68.8% in 2006. Government and private nonprofit employees had their lowest take-up rates at 43.9% and 43.3%, respectively, in 2003, with the former having its highest at 64.8% in 2004 and the latter at 70.4% in 2006. Self-employed persons increased their take-up rates every year from a low of 48.5% in 2003 to a high of 59.9% in 2006. Non-year-round workers had their lowest take up rates at 55.5% in 2004 and their highest at 67.5% in 2006. As was the case among users of public expenditure programs in the NLSY79 cohort, users of public expenditure programs in the NLSY97 cohort also had the most consistently highest take-up rates of all sociodemographic groups in each survey year. Unlike the NLSY79 cohort, the percentage differences were more modest, with none exceeding 10 percentage points across survey years.

In addition, positive relationships were found between EITC tax-filing status and household size in every survey year. In 2003, EITC-aware and eligible tax-filers had an average of 3.78 persons per household vis-à-vis 3.69 for EITC-aware and eligible non-EITC-filers; 3.68 vs. 3.48 in 2004, 3.67 vs. 3.30 in 2005, and 3.66 vs. 3.19 in 2006.

NLSY97 Subjects Unaware of EITC

About one half to one third of the sample who reported family income responded that they were unaware of the EITC when asked if they had filed for the credit on their Federal Income Tax returns. In survey year 2003, 47.4% responded that they were unaware of EITC; 38.7% in 2004; 32.1% in 2005; and 32.2% in 2006. As Table 6.20 shows, approximately 10–12% of these might have been EITC-eligible in any given year when family income and number of children were taken into account.

On the whole, the EITC-eligibility distribution across survey years was found to be fairly consistent by sociodemographic characteristics. Notable exceptions included: (a) those with children present (22.7% in 2004 and 23.8% in 2005), (b) low-income subjects (13.9% in 2004 and 26.0% in 2006), (c) private nonprofit workers (04.1% in 2004 and 17.8% in 2003), (d) TANF recipients (28.4% in 2003 and 45.8% in 2006), (e) Food Stamp recipients (19.4% in 2003 and 38.7% in 2006), and (f) participants in any cash expenditure programs in general (18.9% in 2004 and 32.3% in 2006). No variation exceeding 10 percentage points across survey years was found by sex, marital status, region of residence, urban residence, or worker status.

As Table 6.20 also shows, approximately one fourth to one third of those with children who did not file for EITC because they were unaware of the tax credit was found to be EITC-eligible: (a) 30.3% in 2003, 22.7% in 2004, 32.8% in 2005, and 31.1% in 2006. Approximately one fourth of those with low-income were also EITC-eligible in (a) 2003 (23.0%), (b) 2005 (25.9%), and (c) 2006 (26.0%). About two fifths or more of TANF recipients were also found to be EITC-eligible in (a) 2004 (42.5%), (b) 2005 (39.7%), and (c) 2006 (45.8%). Nearly one fourth of Food Stamp recipients were in 2004 (22.8%) and 2005 (24.6%) and more than a third in 2006 (38.7%). About one fourth to one third of any cash expenditure program recipients were also EITC-eligible: (a) 24.6% in 2004, (b) 28.0% in 2005, and (c) 32.3% in 2006. Among those unaware of the EITC in any given survey year, Blacks and Hispanics had higher percentages than non-Hispanic Whites to be found EITC-eligible: e.g., (a) 16.8% and (b) 13.2%, respectively, vs. 10.9% in 2003; 16.2% and 16.5%, respectively vs. 10.3% in 2006.

Changes in Economic Well-Being

Over time greater proportions of EITC-aware persons and their families who reported improved economic well-being between survey years closed in on those who reported declines, as measured by a ±5% or ±10% change in their respective IPRs (Table 6.21). For example, between 2003 and 2004, more than 10 percentage points separated the proportion of the sample who reported IPR declines of 5% or more from those whose IPR increased by 5% or more for each category of EITC filing status: (a) 32.9% vs. 53.2% for EITC filers; (b) 40.1% vs. 53.4% for nonfilers; and (c) 41.3% vs. 52.3% for those unaware of EITC. This was the case also for those reporting a ±10% IPR change for each category of EITC filing status: (a) 35.6% vs. 50.7% for EITC filers; (b) 38.2% vs. 51.8% for nonfilers; and (c) 37.9% vs. 49.6% for those unaware of the EITC. Between 2004 and 2005 and between 2005 and 2006, the percentage differences were all less than 10% and they were nearly identical. The largest percentage difference among those reporting a ±5% IPR change occurred in 2004 among those who were unaware of the EITC, among whom 47.7% reported a decrease of 5% and 42.2% reported a 5% IPR increase. The largest percentage difference among those reporting a ±10% IPR occurred in 2005 among EITC nonfilers for other reasons, among whom 40.7% reported a 10% IPR decline and 45.8% reported a 10% IPR increase.

As Table 6.21 also shows, the pattern of IPR change among EITC-aware and unaware persons and their families was remarkably similar for (a) EITC tax filers,

Table 6.20 Percent (weighted) of NLSY97 Subjects Unaware of EITC Who Met Family Income* and Children EITC-eligibility Criteria by Sample Characteristics and Survey Year, 2003–2006

	Survey Year			
Sample Characteristics	2003 (n = 203)	2004 (n = 140)	2005 (n = 115)	2006 (n = 121)
EITC-eligible	11.8 (N = 1537)	10.4 (N = 1208)	10.8 (N = 951)	11.7 (N = 980)
Sociodemographic Characteristics				
Children Present in Household				
No	10.8	09.4	08.6	09.3
Yes	30.3	22.7	32.8	31.1
Education				
< High School	16.8	13.7	18.4	22.8
High School Grad	10.0	11.5	09.0	13.2
Some College	10.9	09.2	11.4	10.5
College Grad	09.0	06.3	06.3	05.2
Ethnicity/Race				
Black Non-Hispanic	16.8	14.7	15.6	16.2
Hispanic	13.2	10.3	11.5	16.5
White Non-Hispanic	10.9	09.8	10.1	10.3
SES				
Poor (IPR <= 1)	23.0	13.9	25.9	26.0
Near Poor (>1 IPR <= 2)	19.5	18.9	11.9	15.8
Affluent (IPR >2)	07.6	07.0	06.3	06.3
Sex				
Female	11.9	09.3	09.0	10.8
Male	11.6	11.6	12.6	12.8
Marital Status				
Not married, cohabitating	13.9	11.1	07.4	11.8
Single, not cohabitating	11.3	10.3	10.8	11.6
Married	14.9	10.4	14.9	12.6
Region of Residence				
Northeast	13.1	09.4	08.9	07.7
North Central	08.3	10.2	10.5	08.9
South	14.4	10.1	11.6	16.0
West	10.8	11.9	11.9	13.3
Residence Type				
Urban	11.8	09.6	10.3	10.8
Other	11.8	12.9	12.4	15.3
Work Characteristics				
Employer Auspices				
Government	12.4	07.7	03.1	10.5
Private for Profit	11.4	11.6	13.3	15.7
Private Non-Profit	17.8	04.1	17.1	17.7
Self-Employed/Family Business	12.5	11.5	14.6	07.7
Work Status				
Year-round worker	11.0	08.8	09.5	09.0
Other workers	12.6	12.1	12.2	15.1

(continued)

Table 6.20 (continued)

Sample Characteristics	Survey Year 2003 (*n* = 203)	2004 (*n* = 140)	2005 (*n* = 115)	2006 (*n* = 121)
EITC-eligible	11.8 (*N* = 1537)	10.4 (*N* = 1208)	10.8 (*N* = 951)	11.7 (*N* = 980)
Program Participation Status				
Any Cash Expenditure Program	24.6	18.9	28.0	32.3
Food Stamps	19.4	22.8	24.6	38.7
TANF	28.4	42.5	39.7	45.8
Neither Food Stamps or TANF	11.5	09.9	10.2	10.2

*Note**. Federal EITC criteria limit the amount of assets permissible for EITC-eligibility. Assets were not accounted for in this study. The proportion of those deemed EITC-eligible from those who reported that they were unaware of the EITC might be an overestimation to the extent these study subjects had assets exceeding permissible levels. Table percents are thereby approximate

Table 6.21 Percentage (weighted) distribution of NLSY97 EITC-aware and unaware persons and their families by EITC tax-filing status and extent of change in IPR, survey years 2003–2006 (tax years 2002–2005)

EITC tax-filing status	Decrease by 5% (10% or more)	About the Same	Increase by 5% (10% or more)
Extent of change in IPR from 2003 to 2004 (2002–2003)			
EITC filer 2003			
Unaware	41.3 (37.9)	06.4 (12.5)	52.3 (49.6)
No, for other reason	40.1 (38.2)	06.5 (10.0)	53.4 (51.8)
Yes	32.9 (35.6)	07.4 (13.6)	53.4 (50.7)
Extent of change in IPR from 2004 to 2005 (2003–2004)			
EITC filer 2004			
Unaware	44.2 (41.4)	08.1 (13.8)	47.7 (44.7)
No, for other reason	45.2 (41.6)	06.3 (12.4)	48.5 (46.1)
Yes	46.2 (42.7)	05.9 (11.5)	47.8 (45.8)
Extent of Change in IPR from 2005 to 2006 (2004–2005)			
EITC filer 2005			
Unaware	47.1 (44.9)	07.2 (11.4)	45.7 (43.7)
No, for other reason	44.4 (40.7)	07.8 (13.5)	47.8 (45.8)
Yes	45.2 (42.9)	08.2 (13.4)	46.6 (43.6)
Extent of Change in IPR from 2003 to 2006 (2002–2005)			
EITC filer 2003			
Unaware	43.7 (41.4)	03.8 (08.8)	52.5 (49.8)
No, for other reason	41.8 (40.1)	03.8 (07.1)	54.4 (52.8)
Yes	42.1 (40.2)	03.6 (07.6)	54.3 (52.2)

Note. Those with incomes who reported that they were ineligible for the EITC were not included in the sample from which these percentages were determined

(b) non-EITC filers for other reasons, and (c) those who were unaware of the EITC one survey year to the next, as well as from the first in 2004 (for tax year 2003) and the last in 2006 (for tax year 2005). This was the case whether subjects reported ±5% or ±10% IPR change. About the same percentages of EITC-aware and unaware persons and their families who filed for the EITC in 1 year reported a 5% or more decline in their IPR the following survey year as did those who did not file for the EITC and those who were unaware of the EITC: (a) 32.9%, 40.1%, and 41.3%, respectively, in 2003; (b) 46.2%, 45.2%, and 44.2% in 2004; (c) 45.2%, 44.4%, and 47.1% in 2005; and (d) 42.1%, 41.8%, and 47.3% between 2003 and 2005. Likewise, the same percentages of EITC-aware and unaware persons and their families who did not file for the EITC in 1 year also reported a 5% or more increase in their IPR the following survey year as did those who did not file for the EITC and those who were unaware of the EITC: (a) 53.4%, 53.4%, and 52.3% in 2003; (b) 47.8%, 48.5%, and 47.7% in 2004; (c) 46.6%, 47.8%, and 45.7% in 2005; and (d) 54.3%, 54.4%, and 52.5% between 2003 and 2005.

About the same percentages of EITC-aware and unaware persons and their families who filed for EITC in 1 year reported a 10% or more decline in their IPR the following survey year as did those who did not file for EITC and those who were unaware of EITC: (a) 35.6%, 38.2%, and 37.9%, respectively, in 2003; (b) 42.7%, 41.6%, and 41.4% in 2004; (c) 42.9%, 40.7%, and 44.9% in 2005; and (d) 40.2%, 40.1%, and 41.4% between 2003 and 2005. Likewise, the same percentages of EITC-aware and unaware persons and their families who did not file for the EITC in 1 year also reported a 10% or more increase in their IPR the following survey year as did those who did not file for EITC and those who were unaware of EITC: (a) 50.7%, 51.8%, and 49.6% in 2003; (b) 45.8%, 46.1%, and 44.7% in 2004; (c) 43.6%, 45.8%, and 43.7% in 2005; and (d) 52.2%, 52.8%, and 49.8% between 2003 and 2005.

These findings corroborate those found for the NLSY79 data file and further suggest that EITC may have less of an impact on economic well-being than policy makers and advocates for low-income families had hoped. Those who were unaware of EITC reported roughly similar changes in economic well-being as measured by percentage change in their respective IPR as did EITC-aware and eligible filers and nonfilers alike.

6.6.2 Multivariate Statistics

6.6.2.1 The National Longitudinal Survey of Youth, 1979 Cohort

Background Characteristics as Predictors of Ever-Filing for EITC (NLSY79)

Age, education, race/ethnicity, sex, and prior participation in public expenditure programs were found to be robust predictors of ever filing for EITC when controlling for prior tax filing behavior (Table 6.22). Those 40 years of age or over in survey year 2000 were 1.39 times less likely to file for the EITC between 2000 and 2006

Table 6.22 Logistic regression: odds of ever filing for the EITC among NLSY79 ever EITC-eligible tax filers by sociodemographic and prior public expenditure program participation measures ($N = 2{,}289$)

Measures	Odds	S.E.	Wald	B
Prior program participation [a]				
Years AFDC	0.974	0.023	1.311	−0.026
Years Food Stamps	1.177***	0.020	65.321	0.163
Years SSI	0.996	0.027	0.021	−0.004
Prior tax filer (years)	1.288**	0.088	8.231	0.253
Sociodemographic characteristics				
Age (≤40 in 2000)	0.719***	0.093	12.483	−0.330
Education [b]				
< High school	2.263***	0.207	15.639	0.817
High school graduate	2.521***	0.165	31.546	0.924
Some college	2.144***	0.174	19.110	0.763
Ethnicity/race [c]				
Black non-Hispanic	1.563***	0.106	17.707	0.447
Hispanic	1.227	0.134	2.320	0.204
Never married (through 2000)	0.905	0.120	0.700	−0.100
Sex (1 = female)	1.699***	0.099	28.725	0.530
Model statistics				
−2 Log likelihood	2,775.562			
Nagelkerke R^2	0.202			

**$p < .01$; ***$p < .001$.

Note. [a] Prior program participation and prior tax filer comprised the number of years subjects participated in these programs between 1979 through 1998 or filed Federal income taxes between 1989 when initially asked and 1998 accordingly

[b] The reference category for education is college graduate

[c] For ethnicity/race, White non-Hispanic

than were those in their 30s. Compared to college graduates, those who had less than a high school education and those with some college were about 2.2 times more likely to file, while high school graduates were 2.5 time more likely to do so. Blacks were 1.56 times more likely to file for EITC than were non-Hispanic Whites.

Women were 1.7 times more likely than men to file for EITC. The likelihood of filing for EITC between 2000 and 2006 increased by 17.7% for every year subjects participated in the Food Stamp program between 1979 and 1998. As expected, having a history of tax-filing behavior also was found to increase the likelihood of filing for EITC: a 29% increased likelihood for every year subjects filed Federal tax returns between 1989 when first asked about such behavior and 1998 when first asked about filing for the EITC.

Predictors of Filing for EITC by Survey Year (NLSY79)

As Table 6.23 shows, only the presence of children and unmarried household tax-filing status predicted EITC-filing status in each of the four survey years, and prior

Table 6.23 Logistic regression: odds of filing for the EITC among NLSY79 ever EITC-eligible tax filers by survey (tax) year

	Survey (tax) year			
Measures	2000 (1999)	2002 (2001)	2004 (2003)	2006 (2005)
Prior program participation[a]				
AFDC (years)	0.958	0.992	0.956	0.923
Food Stamps (years)	1.110***	1.036	1.099***	1.120**
SSI (years)	1.153**	1.010	0.986	0.988
Prior tax filer (years)	1.051	1.672**	1.134	0.825
Prior EITC filer (years)	–	4.612***	2.108***	1.637***
Sociodemographic characteristics				
Age	0.934*	0.923	0.923*	0.955
Children present (1 = yes)	3.819***	3.048***	3.109***	2.524***
Education[b]				
< High school	1.423	2.123	1.307	1.196
High school graduate	1.235	1.851	1.449	1.586
Some college	1.347	2.278	1.433	1.444
Ethnicity/race[c]				
Black non-Hispanic	1.083	1.018	0.815	0.858
Hispanic	0.916	0.699	0.616	0.516*
SES[d]				
Near poor (> poverty ≤ 2 × poverty)	1.245	1.035	0.958	0.509*
Affluent (>2 × poverty)	0.818	0.686	0.474**	0.245***
Sex (1 = female)	1.166	0.964	1.140	0.871
Tax-filing status[e]				
Married, separate returns	0.931	1.404	0.811	1.203
Unmarried household	2.892***	4.516***	1.522*	3.228***
Region of residence[f]				
Northeast	0.473**	0.554	0.976	0.606
North Central	0.738	0.703	0.691	0.614
West	1.003	0.947	1.035	0.829
Residence Type (1 = urban)	1.041	1.241	1.052	1.061
Work characteristics				
Employer auspices[g]				
Private for profit	0.944	0.790	0.716	1.306
Private nonprofit	1.323	1.178	0.745	1.227
Self-employed/family business	0.825	0.436	0.523*	1.772
Work status (1 = year round)	1.111	0.786	1.138	1.338
Program participation status				
Food Stamps (1 = yes)	2.046*	1.717	1.733	1.515
TANF (1 = yes)	0.438	0.864	0.720	1.877
SSI (1 = yes)	1.169	0.628	0.390*	2.418

(continued)

Table 6.23 (continued)

Measures	Survey (tax) year 2000 (1999)	2002 (2001)	2004 (2003)	2006 (2005)
Model statistics				
−2 Log likelihood	1,418.643	685.981	957.569	574.095
Nagelkerke R^2	0.332	0.464	0.376	0.414
Overall % correct predicted	73.8	78.9	72.7	75.7

*$p<.05$; **$p<.01$; ***$p<.001$

Note. [a]Prior program participation and prior tax filer comprised the number of years subjects participated in these programs between 1979 through 1998

[b]The reference category for education is college graduate

[c]For ethnicity/race, White non-Hispanic

[d]For SES, IPR ≤ 1

[e]For tax-filing status, married joint return

[f]For region of residence, south

[g]For employer auspices, government

filing for EITC predicted EITC-filing status in each survey year between 2002 and 2006. The presence of children increased the likelihood of filing for EITC by 2.5–3.8 times vis-à-vis those without children and unmarried tax-filing households were 1.5–4.5 times more likely to file than were married joint tax-filing households between 2000 and 2006.

Prior participation in the Food Stamp program was found to be a predictor of EITC-filing status in each survey year except 2004. Every year that subjects participated in Food Stamps between 1979 and 1998 increased the likelihood of filing for EITC by approximately 10% in survey years 2000, 2002, and 2006. Food Stamp participation increased the likelihood of filing for EITC vis-à-vis non-Food Stamp participants by more than two times in survey year 2002, the only survey year they did so. Prior participation in the SSI program was found to be a predictor of EITC-filing status in 2000. Every year subjects participated in SSI between 1979 and 1998 increased the likelihood of filing for EITC in 2000 by 15% in survey years 2000. SSI participation decreased the likelihood of filing for EITC vis-à-vis non-SSI participants by more than 2.5 times in survey year 2004, the only survey year they did so.

Other sociodemographic measures found to predict EITC-filing status on occasion with no discernable pattern were: (a) age, (b) ethnicity/race, (c) SES, (d) region of residence, and (e) employer auspices. Age was inversely related to EITC-filing status in 2000 and 2004, with each year older decreasing the likelihood of filing for EITC by approximately 7%. Hispanics were nearly twice (1/.516) as likely as non-Hispanic Whites to file for EITC in 2006. Those with family income exceeding twice their respective poverty thresholds were 2.1 (1/.474) and 4.1 (1/.245) times less likely than those with family income at or below their poverty thresholds in 2004 and 2006, respectively. Those residing in the Northeast were 2.1 (1/.473) times less likely than those in the South to file for EITC in 2000 only. Self-employed persons were 1.9 (1/.523) times less likely than those who worked in a government job in 2004 only.

6.6.2.2 The National Longitudinal Survey of Youth, 1997 Cohort

Background Characteristics as Predictors of Ever-Filing for EITC (NLSY97)

Education, race/ethnicity, sex, and prior participation in public expenditure programs were found to be robust predictors of ever filing for EITC when controlling for prior EITC tax filing behavior (Table 6.24). Compared to college graduates, those who had less than a high school education and high school graduates were 2.2 times more likely to file, while those with some college were as likely to do so. Non-Hispanic Blacks and Hispanics were 1.54 and 1.47 times, respectively, more likely to file for EITC than were non-Hispanic Whites.

Women were 1.25 times more likely than men to file for EITC. The likelihood of filing for EITC between 2003 and 2006 increased by 15.3% for every year subjects participated in the TANF program between 1997 and 2001. As expected, having a history of filing for EITC also was found to increase the likelihood of filing for EITC: Each additional year of filing for EITC between 1997 and 2001 increased the likelihood of filing between tax years 2002 and 2005 by 3.47 times.

Table 6.24 Logistic regression: odds of ever filing for the EITC among NLSY97 ever EITC-aware and eligible tax filers by sociodemographic and prior public expenditure program participation measures ($N = 4{,}085$)

Measures	Odds	S.E.	Wald	B
Age (≤22 in 2002)	0.819	0.111	3.257	−0.200
Education [a]				
< High school	2.089**	0.266	7.641	0.737
High school graduate	2.274**	0.260	9.956	0.822
Some college	1.545	0.258	2.829	0.435
Ethnicity/race [b]				
Black non-Hispanic	1.467***	0.091	17.888	0.383
Hispanic	1.542***	0.098	19.704	0.433
Never married (through 2001)	0.825	0.195	0.975	−0.192
Sex (1 = female)	1.252**	0.075	9.060	0.225
Prior program participation [c]				
Years TANF	1.533*	0.200	4.589	0.428
Years Food Stamps	1.022	0.112	0.039	0.022
Prior EITC filer (years)	3.473***	0.067	342.620	1.245
−2 Log likelihood	4,357.807			
Nagelkerke R^2	0.211			

*$p < .05$; **$p < .01$; ***$p < .001$

Note. [a] The reference category for education is college graduate

[b] For ethnicity/race, White non-Hispanic

[c] Prior program participation and prior EITC tax filer comprised the number of years subjects participated in these programs between 1997 through 2001

Predictors of Filing for EITC by Survey Year (NLSY97)

As Table 6.25 shows, only the presence of children predicted EITC-filing status in each of the four survey years. The presence of children increased the likelihood of filing for EITC by 2.6 to 6.9 times vis-à-vis those without children between 2003 and 2006. Prior filing for EITC was also found to be a robust predictor of EITC-filing status. Each year filed for EITC between 1997 and 2001 increased the odds of filing for EITC by 1.85 times in 2004 and by 1.36 times in 2005. Filing for EITC in 2003 increased the odds of filing in 2004 by 2.1 times; whereas, filing in 2004 increased the odds of filing in 2005 by 3.3 times and filing in 2005 increased the odds of filing in 2006 by 6.0 times. Participation in the public expenditure programs Food Stamps or TANF was not found to be a predictor of EITC-filing status in any survey year.

With the exception of work status, sociodemographic measures found to predict EITC-filing status on occasion with no discernable pattern were: (a) ethnicity/race, (b) SES, (c) region of residence, and (d) employer auspices. Year round employment increased the odds of filing for EITC approximately 1.7 times in survey years 2003, 2004, and 2005. Non-Hispanic Blacks were 1.7 times as likely as non-Hispanic Whites to file for EITC in 2006. Near-poor and more affluent persons were 1.9 and 1.8 times, respectively, more likely than poor persons to file for EITC in survey year 2006. Those residing in North Central USA were 2.3 times more likely than those residing in the South to file for EITC in survey year 2004. Those residing in the Northeast were 1.8 (1/.552) times less likely than those in the South to file for EITC in 2006 only. Private-for-profit workers were nearly twice as unlikely (1/.507) than government employees to file for EITC in survey year 2004; whereas, they were two times more likely to do so in survey year 2006. Self-employed persons were 2.3 (1/.431) times less likely than those who worked in a government job to file for EITC in 2004.

6.7 Discussion

On the whole, findings suggest that EITC-eligibility is fairly pervasive over the course of the study period, especially for younger workers. Although many such low-income workers were EITC-eligible for 1 year, substantial minorities remained eligible for the credit in subsequent years, with about one quarter of them EITC-eligible for every year in the study. In addition, EITC-eligibility was highly correlated with the use of other direct expenditure programs; such as, Food Stamps and TANF. Although overwhelming majorities of EITC-eligible persons did not participate in direct expenditure public programs, sizable majorities of direct expenditure program participants claimed the credit. These findings corroborate earlier studies (e.g., Caputo, 2007; Rank & Hirschl, 1999) which showed that many individuals and their families are likely to face economic hardship over the course of the working lifespan and that more institutionalized social policies that go beyond

Table 6.25 Logistic regression: odds of filing for the EITC among NLSY97 EITC-aware and eligible tax filers by survey (tax) year

	Survey (tax) year			
Measures	2003 (2002)	2004 (2003)	2005 (2004)	2006 (2005)
Program participation 1997–2001				
TANF (number of years)	0.903	1.735	0.992	1.095
Food Stamps (number of years)	1.512	0.860	1.141	0.985
EITC filer (number of years)	1.850***	1.316*	1.086	1.117
EITC filer in previous year (1 = yes)	–	2.108***	3.290***	5.998***
Sociodemographic characteristics				
Age	0.921	0.910	0.922	0.885
Children present (1 = yes)	2.648***	6.867***	2.700***	3.636***
Education [a]				
<High school	1.166	0.914	0.599	0.967
High school graduate	1.458	0.715	0.744	1.459
Some college	1.327	0.790	0.726	1.060
Ethnicity/race [b]				
Black non-Hispanic	1.228	1.202	0.876	1.662*
Hispanic	1.119	0.995	1.192	1.171
SES [c]				
Near poor (>poverty ≤ 2 × poverty)	0.947	0.947	1.903*	0.938
Affluent (>2 × poverty)	0.890	0.921	1.758**	1.397
Sex (1 = female)	0.935	1.255	1.400	0.981
Marital status [d]				
Unmarried, cohabitating	1.313	0.478	0.917	0.748
Unmarried not cohabitating	0.972	0.538	0.833	0.804
Region of residence [e]				
Northeast	1.205	1.449	0.625	0.552*
North Central	0.904	2.266**	1.287	1.222
West	0.901	1.157	1.113	1.034
Residence type (1 = urban)	0.976	0.816	1.108	1.334
Work characteristics				
Employer auspices [f]				
Private for profit	1.570	0.507*	1.898	2.031*
Private non-profit	1.144	0.426	1.417	1.559
Self-employed/family business	0.790	0.431*	1.009	1.363
Other unspecified	1.618	1.702	2.382	7.205
Work status (1 = year round)	1.654**	1.660*	1.634**	1.150
Program participation status				
Food Stamps (1 = yes)	0.862	1.027	1.381	1.192
TANF (1 = yes)	0.621	0.402	0.803	1.058
Model statistics				
−2 Log likelihood	1,082.978	805.802	878.082	711.018
Nagelkerke R^2	0.166	0.329	0.235	0.348
Overall % correct predicted	64.3	72.6	73.5	77.0

*$p < .05$; **$p < .01$; ***$p < .001$.
Note. [a] The reference category for education is college graduate
[b] For ethnicity/race, White non-Hispanic
[c] For SES, IPR ≤ 1
[d] For marital status, married
[e] For region of residence, south
[f] For employer auspices, government

the existing array of public welfare programs and that increase the capacity for economic well-being are warranted. In light of these EITC-eligibility findings, the following discussion covers three main topics: (a) program use (6.7.1), (b) economic well-being (6.7.2), and (c) predictors of program use (6.7.3).

6.7.1 Program Use

6.7.1.1 EITC Take-up Rates

Despite the pervasiveness of eligibility, participation in EITC among those eligible varied by sociodemographic characteristics and also by the use of other direct expenditure programs. On the whole, the variation is consistent with that found and reported in earlier studies some of which relied on IRS data (e.g., U.S. General Accounting Office, 1997, 2001) and others which relied on other data sources (e.g., Caputo, 2006). Younger EITC-eligible workers and their families as evidenced in NLSY97 had a higher take-up rate than their prime-working-age counterparts as evidence in NLSY79. Nonetheless, with about one quarter to one third of ever EITC-eligible persons and their families not taking advantage of the credit regardless of how many years they are eligible there is good reason for concern: millions of working persons and their families facing economic hardship during their working lives who can benefit from the credit are not doing so. Given expansions of the program in the 1990s and of concomitant outreach efforts by the Federal government, state governments, and the private for profit and non-for-profit sectors (Caputo, 2009), additional research is needed to identify impediments to filing for the credit and implementing programmatic responses accordingly. This would be the case especially for nontraditionally considered vulnerable groups, such as White males and college graduates (Caputo, 1999), who have the lowest take-up rates vis-à-vis their ethnic/racial and educational counterparts, respectively, regardless of age.

In addition to variation in take-up rates among ever EITC-eligible persons and their families, in any given year, take-up rates differ, also, by sociodemographic characteristics. Such variations are reflected in the patterns of EITC and direct expenditure program use discussed in the following section (6.7.1.2).

6.7.1.2 Patterns of EITC, Food Stamp, and TANF Program Use

Sizable minorities of EITC participants take advantage of the credit in multiple years, roughly paralleling the number of years for which they are EITC-eligible. In addition, participation in direct expenditure programs, such as Food Stamps and SSI, also increases as both the number of EITC-eligible and EITC participation years increase. Participation in TANF for the most part trails off beyond the second year of EITC-eligibility and EITC participation. This is invariably due to TANF time limits for federal cash assistance ranging from 2 years in some states to the maximum of 5 years. Nonetheless, low-income working persons and their families who participate in direct expenditure programs consistently have the highest take-up rates in any given year, often 75% or more, a finding reported in earlier studies that examined the interactions between EITC and direct expenditure public programs (e.g., Caputo, 2009; U.S. General Accounting Office, 1997, 2001). These findings suggest that while low-income persons and their families may be reluctant to use public assistance programs, cumulative bouts of low-income increase the likelihood of relying on the programs.

Patterns of public program participation vary from 1 year to the next, with notable differences in proportions (±10 percentage points) of users by sociodemographic characteristics and by cohort. Among prime-working-age EITC-eligible persons and their families, greater variations in EITC participation are more likely for (a) those families with children, (b) the lowest income, (c) married joint tax filers, (d) employed by government, the non-profit sector and the self-employed, and (e) participants in direct expenditure programs. Among younger EITC-eligible persons and their families, patterns of public program participation varies proportionately (±10 percentage points) by several different measures: (a) those at any education level except college graduates, (b) Blacks, (c) Hispanics, (d) women, (e) upper income, (f) less than year-round workers, and (g) residents of the South and of North Central USA. Like prime-working age EITC-eligible persons and their families, younger EITC-eligible persons and their families employed by government, the nonprofit sector and the self-employed, and participants in direct expenditure programs are more likely to have greater variations in EITC participation. These findings suggest that caution is warranted in interpreting results of cross-sectional studies, since what may be a good predictor in 1 year may not be in subsequent years. Policy makers would be well advised to examine evidence from many cross-sectional studies and preferably from longitudinal studies before targeting the intervention designed to improve EITC participation.

6.7.2 Economic Well-Being

Although there is much year-to-year variability in EITC and direct expenditure program use among EITC-eligible persons and their families, the same cannot be said for economic well-being. Here, there is much greater consistency, with greater proportions of EITC-eligible persons and their families improving their economic well-being than worsening it. Ordinarily, this would be considered a positive policy outcome, reaffirming the effectiveness of the EITC program. However, improved economic well-being is the case for both EITC filers, which prior research has shown (e.g., Blank & Schmidt, 2001), as well as for nonfilers. That is, study findings indicate that non-EITC filers had disproportionately fewer declines and more increases in economic well-being, as measured by changes of either ±5 or ±10% in their IPRs, than did EITC filers. This unexpected finding raises a policy conundrum, given other findings about take-up rates. On the one hand, taking steps to increase take-up rates produces positive policy outcomes; namely, more EITC-eligible persons and their families are likely to be better than worse off. On the other hand, findings of this study suggest that they might not be as well-off as EITC-eligible persons and their families who do not file for the credit.

It would be incorrect to conclude from these findings about economic well-being that a "hands-off" government policy is best, allowing individuals to sort out advantages and disadvantages of EITC participation on their own without any increased efforts to encourage participation. This is so because this study uses a family's IPR as the basis of economic well-being, not individual income. EITC participation may allow EITC-eligible persons and their families to forgo income from other family members, perhaps affording them time to further their education or spend time with their young children than those who do not participate. Such information cannot be gleaned from NLSY data sources, or from other large-scale data files, such as CPS, SIPP, or PSID, given their respective limitations. This is an area for future research, perhaps with smaller samples with more focused questions about work and family activities among family members, to sort out what might account for the differences in economic well-being between EITC participants and nonparticipants among EITC-eligible persons and their families over time.

6.7.3 Predictors of EITC Use

Several background factors are robust predictors of ever filing for EITC among those ever-eligible for the credit. Younger persons, women, Blacks, less educated persons, and those with prior direct expenditure program participation are more likely to take advantage of the tax credit. Prior Food Stamp program participants and to a lesser extent prior TANF participants are more likely to become EITC participants at some point in their working lives. Robust predictors for the most part, however, vary for any given year. Only the presence of children consistently predicts claiming the tax credit regardless of the age of EITC-eligible persons and their families, while being unmarried is a robust predictor for prime-working-age persons and their families. These findings reaffirm the well-targeted nature of EITC, but the paucity of robust predictors suggests that, other than expanding the credit for families with three or more children, broad-based interventions aimed at improving the economic rewards of work for EITC-eligible persons are warranted.

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Part II
Employment and Training Initiatives in the Global Economy

Chapter 7
Employment, Education, and Training Programs

7.1 Overview

The USA lacks a formal comprehensive workforce policy, instead relying on several policy mechanisms linked to specific programs having different purposes. In one such typology Barnow and Nightingale (2007), identify six policy instruments, each linked to a half dozen or more, at times overlapping, key policies and programs. For example, insurance and cash payments are linked to unemployment insurance, trade adjustment assistance, and Social Security retirement. Regulations and mandates are linked to minimum wage legislation, Family Leave policies, work tests, and work requirements for receipt of Temporary Assistance for Needy Families (TANF) benefits. Tax incentives and credits are linked to the Earned Income Tax Credit (EITC), welfare-to-work tax credits, and work opportunity credits. Human capital investments and services are linked to Workforce Investment Act (WIA) adult, dislocated worker, and youth programs, postsecondary vocational education, and postsecondary academics. Labor exchange and information are linked to job matching services and labor market information. Social and support services are linked to need- and income-based supports; such as, Food Stamps and housing assistance, as well as emergency, crisis, and disaster assistance. Reinforcing and rewarding work effort is a common denominator of all six policy mechanisms. Tax incentives and credits, human capital investments and services, labor exchange and information, and social and support services are also designed to: (a) meet current and future demand for work, (b) achieve a highly skilled workforce, and (c) enhance employment opportunity. Insurance and cash payments, as well as regulations and mandates, are designed to ensure worker security. As Barnow and Nightingale's typology suggests, workforce policies in the U.S. target a broad cross section of the population, with (a) some programs focusing on youth or young adult workers, (b) others on seasoned workers or adult learners who want to enhance their skills or learn new ones, yet (c) others on low-income persons and (d) still others taking little or no account of economic need per se, but rather circumstances; such as, being dislocated and laid off from work.

Since this book concerns low-income persons and their families, the present chapter focuses on several key legislative initiatives that have either direct or indirect bearing on low-income persons and their families. Whether the U.S. faces a labor

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shortage over the next half century is tangential to the chapter and will not be extensively examined. Related treatment can be found in Butterfield, Rocha, and Butterfield (2010), pp. 202–246. Suffice it to say at this point that the best evidence to date suggests prospects of a "great" labor shortage are overdrawn despite the aging of the population and fears of job losses from "offshoring" or low-wage imports (Freeman, 2007). Contemporary related concerns at the time of this writing associated with the financial crisis; namely, unemployment hovering around the 10% range, lengthy spells of unemployment lasting 6 or more months especially among white collar workers, and job creation strategies, are not a focus of this chapter. Our concern rather is how government policies promote opportunities for enhancing human capital so individuals seeking employment can better position themselves in a variety of labor market circumstances.

The chapter provides an overview of employment, education, and job training legislative initiatives designed to assist low-skilled, low-income workers obtain better jobs and increase their attachment to the labor force. Such initiatives include the Manpower Development and Training Act of 1962 (MDTA), the Comprehensive Employment and Training Act of 1973 (CETA) which trained and provided individuals with public service jobs, and the Job Training and Partnership Act (JTPA) launched in 1982 during the Ronald Reagan administration which replaced CETA.

This chapter also highlights larger workforce initiatives designed to ameliorate the adverse effects of a changing global economy, such as the Worker Adjustment and Retraining Notification Act (P.L. 100-379, WARN) and the Economic Dislocation and Worker Adjustment Assistance Act (P.L. 100-418, EDWAA) both enacted in 1988 during the Reagan administration, and the School-to-Work Opportunities Act of 1994 (P.L. 103-239, STWOA) and the Workforce Investment Act (P.L. 105-220, WIA) of 1998 enacted during the Bill Clinton administration. The chapter concludes with a discussion of the Trade Adjustment and Assistance Reform Act of 2002 (P.L. 107-210) enacted during the G.W. Bush administration. By this time, employment and training programs were legislatively comprehensive, addressing the needs of U.S. labor force in general, even as some of its provisions targeted low-income persons and their families. The American Recovery and Reinvestment Act of 2009 (P.L. 111-5, ARRA), briefly mentioned at the end of the chapter and a subject of Chap. 10, signified the more comprehensive approach to education and training during the Barak Obama administration. This chapter draws upon a compilation of papers initially presented at a related conference at the Urban Institute in Washington, DC in November 2005 (Holzer & Nightingale, 2007), as well as a number of MDRC, Congressional Budget Office (CBO), and Congressional Research Service (CRS) studies and reports.

7.2 Job-Training Initiatives Targeting Low-Income Persons

7.2.1 Overview

Relative to other areas of social policy, the field of employment and training in any meaningful sense was a late bloomer (Caputo, 1994; Rosenbaum, 1987). Vocational education, job training, and general employment initiatives at the national level can be traced to the Smith-Hughes Act of 1917 (P.L. 65-347) and to 1930s New Deal initiatives, such as the Civilian Conservation Corps (CCC) and Works Progress Administration (WPA). It was only in the 1960s, however, with the Area Redevelopment Act of 1961 (P.L. 87-27), which included modest funding (about $4.5 million annually for 4 years for manpower training), that the role of the federal government to address structural factors such as chronic unemployment was deemed within limits necessary and appropriate. The idea that sustaining economic well-being in a complex society might require at least some measure of ongoing government involvement gained greater political traction, although the appropriate forms of government action, levels of spending, and the effectiveness of employment and training programs were invariably contested. On the whole, the overall level of financial commitment was limited, as were the verifiable effects, leading LaLonde (1995) to conclude that government got what it paid for: public sector investments were "exceedingly modest" given the magnitude of skill deficiencies policymakers sought to address.

7.2.2 The Manpower Development and Training Act

Congress passed the Manpower Development and Training Act of 1962 (P.L. 87-415, MDTA) to address structural aspects of the economy during the John F. Kennedy administration. MDTA authorized the Secretaries of Labor and of Health, Education, and Welfare to fund projects to train unemployed and underemployed persons in occupational skills determined to be in demand in their geographic areas. States operated with conditional grants from the federal government and had responsibility for the projects. Funds allocated to states were for institutional and on-the-job training (OJT). Allowances were paid directly to trainees, who must have worked at least a year prior to the training and who must not have been a member of a household headed by an employed person. High school dropouts 17 years of age and over for whom formal education was no longer available and high school graduates under 22 years of age were eligible for allowances up to $20 per week. The federal government also covered 90% of the job-training-related educational institutional costs, with states covering the remainder either in cash or in-kind (Smith, 1968). MDTA had only limited reach. About 2,000 persons were enrolled in OJT in its first year and 9,000 in its second year. In fiscal year 1965, there were only 11,600 trainees. With expansion of the U.S. involvement in the Vietnam War, the program got additional support and by 1968, the last year of the Lyndon Baines Johnson administration, it had an enrollment of 125,000 (Caputo, 1994). The effects of OJT were quite modest, reducing the overall unemployment rate of 3.8% in 1967 by 0.03% and the 11.0% rate for men and women between the ages of 16 and 21 by 0.07% (Cohen, 1969). Public outlays were also modest: about $6,500 (1994 dollars) per classroom training participant and $3,000 per OJT participant (LaLonde, 1995). On the whole, MDTA was found to have no demonstrable effect on income among those who ever held a full-time job upon completion of the program vs. nontrainees, while completers reported about $10 a week more in family income when interviewed (Main, 1968).

7.2.3 The Comprehensive Education and Training Act Program

Congress passed, and President Richard M. Nixon signed, the CETA of 1973 (P.L. 93-203) to assure opportunities for employment and training for unemployed and underemployed persons. CETA consolidated manpower programs authorized under the John F. Kennedy administration's MDTA, the Johnson administration's Employment Opportunity Act of 1964 (P.L. 88-452, EOA), and the Emergency Employment Act of 1971 (P.L. 92-54) which had authorized about 150,000 jobs in public safety in fiscal year 1972 and 1973 (Caputo, 1994). The prospect of government acting as employer of last resort, even if to reach a goal of full employment via job creation, was an unacceptable political option in part due to costs and to ideology and was summarily rejected (Gans, 1971). Over President Nixon's objections, CETA earmarked funds for public service employment (PSE), $250 million in fiscal 1974 and $350 million in fiscal 1975, in areas where unemployment reached 6.5%. The public service component of CETA marked a shift from the version of labor market policy fashioned by the War on Poverty, one however that favored Whites and males, and in some instances higher income earning persons than lower income persons (Brown, 1999). It addition, CETA was the first general employment program since the Great Depression of the 1930s and the first antirecessionary job program to emphasize PSE rather than public works (Goldberg & Collins, 2001). The 1978 CETA reauthorization legislation (P.L. 95-524) created the Private Sector Initiative Program (PSIP) which had two components: (a) a targeted job tax credit (TJTC) to provide a tax credit of 50% of the wages (up to $6,000) of eligible employees the first year and 25% the second; and (b) the formation of local private industry councils (PICs) comprised mainly of representatives not only of business, but also of labor, community-based organizations, and other sectors of the labor market. TJTC was used less than had been expected and had the disadvantage of heavy substitution, estimated between 80% and 100%; whereby, agencies used the public subsidy to do what they would have done without it (Marshall, 1984).

As part of the Nixon administration's revenue-sharing strategy known as the New Federalism, legislative decentralization and a diminished role for the Department of Labor (DOL) meant that localities had wide discretion over how they administered the PSE component. After decentralization, participation by minorities, young persons, and the private sector all declined (Marshall, 1984). Eligibility decisions put disproportionately fewer Whites and fewer men in job training positions, especially in classrooms vis-à-vis OJT programs which were more likely to lead to permanent unsubsidized jobs, than in the more desirable PSE jobs (Brown, 1999, pp. 340–343; Harlan & Hackett, 1985). Further, only about one third of PSE monies went to low- and moderate-income people in cities; such as, Detroit and Cleveland, each of which was at least two-fifths Black and rigidly demarcated from White suburbs, compared to an average of 63% in all poor cities and 96% in prosperous cities. Decentralization and a diminished DOL role created considerable room for CETA-related abuse, which became the target of later criticism and its eventual demise after President Jimmy Carter extended and greatly expanded the program (P.L. 95-44) in 1977, his first year in office (Blau, 1999;

Caputo, 1994). CETA job training participants peaked at 68,855 in 1977, whereas job slots peaked at 750,000 in 1978 (Levitan, Carlson, & Shapiro, 1986; Marshall, 1981). Although the number of job slots more than doubled that under President Gerald Ford, it represented only about 12% of the more than six million unemployed persons in 1978 (Goldberg & Collins, 2001).

In addition to cutting budgets from and adding work expectations to antipoverty programs early in his administration, President Reagan also sought to cut spending for employment and training programs. He deferred $606.7 million in fiscal year 1981 funds for CETA public service jobs and rescinded another $234.4 million. Federal employment and training financing fell from a high of $18.1 billion (in 1986 dollars) in 1978 to $11.1 billion in 1981. All funds for CETA public service jobs were eliminated in 1982 with little dissent, despite evidence that supported the program, especially for adult women (Barnow, 1987; Congressional Budget Office & National Commission for Employment Policy, 1982; U.S. General Accounting Office, 1982).

7.2.4 Youth-Related Training Programs

Through a variety of legislation, most notably the Youth Employment and Demonstration Projects Act (YEDPA, P.L. 95-93) and the JTPA (P.L. 97-300), both discussed below, the U.S. launched several training programs targeting youth (Jekielek, Cochran, & Hair, 2002). These included several that had experimental evaluations: Career Academies (CA), Career Beginnings (CB), Job Corps (JC), JTPA, and the Summer Training and Education Program (STEP). Others had quasi-experimental evaluations: Junior Achievement (JA), Junior Reserve Officer Training Corps-Career Academies (JROTC-CA), and the Youth Incentive Entitlement Pilot Projects (YIEPP). A nonexperimental evaluation was conducted on the Hospital Youth Mentoring Program (HYMP). For the most part, the populations served and studied in these programs were relatively small: (a) 1,500 high schools with 100–150 students each for CA, (b) 100–120 students per site at 24 sites throughout the U.S.A. for CB, (c) 515 students for HYMP, (d) roughly 60,000 annually at 119 Job Center sites for JC, (e) 2,213 eligible applicants across 13 local programs nationwide between 1985 and 1988 for the JTPA JOBSTART program, (f) approximately one million annually for JTPA, (g) over 4,000 youth eligible for YIEPP, and (h) localized studies with several thousand participants each for JA, JROTC-CA, and STEP. Jekielek et al. (2002) provide a sufficient synthesis of these programs of which two of the larger job training efforts for disadvantaged youths (Job Corps and YIEPP) are provided more extensive treatment below.

7.2.4.1 Job Corps

Job Corps, an intensive 12-month residential training program for at-risk youth, was established in 1964 as part of the Johnson administration's War on Poverty. As the only major federal training program to be the subject of careful large-scale evaluation twice in its history, Job Corps remained a central component of efforts in the U.S.A. to improve the economic self-sufficiency of disadvantaged youth (Burghardt et al., 2001). It was and remains a relatively costly program. In the early years, per participant costs were $37,900 (in 1994 dollars), although by the mid-1990s costs per participant had declined to $16,000 (LaLonde, 1995). The first large-scale study covered the program's efforts throughout the 1970s and found socially positive and statistically significant impacts for society as a whole and in regard to educational attainment, earnings, and crime for program participants (Mallar, Kerachsky, Thornton, & Long, 1982). That is, the social value of benefits in fiscal year 1977 exceeded costs by over $2,300 per Job Corps participant, approximately by 45% of costs. With over 40,000 enrollees, net social benefits were estimated to exceed $90 million for that year. Over 50% of benefits were attributed to the value of output produced by participants after they left the program and an additional 40% were attributed to reductions in criminal activity (personal injury, property damage, and the like). Program participants received a net earnings benefit of $2,442 compared to a net loss of $115 among those in the comparison group.

The second Job Corps study, summarized by Burghardt et al. (2001) was based on a national random sample of all eligible applicants in late 1994 and 1995. Findings corroborated those of the first national study. Society benefited by about $17,000 for each youth sent to Job Corps (McConnell & Glazerman, 2001). Participants showed measurable improvements in literacy and numeracy skills needed to function successfully in daily life, while increasing receipt of General Education Development (GED) degrees and of vocational certificates, although Job Corps participation had no discernable effect on college attendance. Job Corps participants also had employment and earnings gains. The gain in average earnings during the last year of the study was about $1,150 or 12%, with such gains found across most groups of students, including females with children and older students without a high school credential at enrollment. As was the case with the first national Job Corps study, the second study found that the program reduced involvement with crime, reducing the arrest rate by 16% (about 5 percentage points overall). Participation also reduced convictions, incarcerations resulting from conviction, and crimes committed against program participants.

7.2.4.2 Youth Incentive Entitlement Pilot Project

The YIEPP was the nation's largest demonstration project to test the feasibility and effectiveness of a new approach to solving employment problems of disadvantaged youth (Gueron, 1984). Youth entitlement was one of four major programs launched under the 1977 YEDPA (P.L. 95-93). As President Jimmy Carter made clear when he signed the legislation on August 5, 1977, more than half the number of unemployed in the country were under 24 years of age (Woolley & Peters, n.d.). By linking schooling and work with the country's first effort to deliver a minimum wage job guarantee, YIEPP directly challenged CETA sponsors charged with operating the program. It guaranteed in-school and summer jobs to poor 15- to 19-year-olds as long as they stayed in school, performing satisfactorily, or returned to school (Lerman, 2007). YIEPP's objective was to increase high school completion and the post-high school employment and earnings of poor youth in 17 demonstration projects across the country. The program operated from February 1978 through August 1980 in ten large and seven smaller areas as a full-scale job entitlement program and for an additional transition year on a much reduced scale. On the whole, performance standards were not consistently enforced across sites and the hoped for CETA-school cooperation was limited.

YIEPP benefitted primarily in-school youths, but had little effect on dropouts. For young Black youths who joined YIEPP in greater numbers and stayed in longer than any other group, the school-conditioned job guarantee increased neither high school enrollment nor graduation. By age 19, only 60% of those eligible youth had either graduated from high school or were still in school (Farkas, Smith, Stromsdorfer, Trask, & Jarrett, 1982; Gueron, 1984). The other 40% had dropped out. Such disappointing findings on the impact of YIEPP and on some youth programs financed by DOL contributed to a decline in policy interest in and funding for local authorities to finance youth employment and training targeted on economically disadvantaged youth.

As Lerman (2007) noted, by 2002 spending on youth employment and training programs through local workforce investment boards amounted to about $1.2 billion, well below real expenditures for prior years. Funding for Job Corps maintained a relatively high level of funding at about $1.4 billion. Nonetheless, both programs were small relative to the size of the youth cohort, or even the disadvantaged youth cohort. In 2002, for example, about 53,000 16- to 21-year-olds participated in Job Corps, and about 65,000 such youth participated in other types of training. By comparison in 2000 4.8 million 16- to 24-year-olds were out of school and out of work. Job Corps continues to serve only about 60,000 youth annually, which still falls way short of the number who could benefit from its services (Child Trends, 2007). In 2008, 5.1 million 16- to 24-year-olds were out of school and out of work (Bureau of Labor Statistics [BLS], 2009).

7.2.5 *The Job Training and Partnership Act Program*

With its enactment on October 13, 1982 the JTPA (P.L. 97-300) replaced CETA; by 1986 federal employment and training financing fell to $5.3 billion (Levitan & Gallo, 1988), with JTPA costs at about $3,000 per participant (LaLonde, 1995). A major objective of JTPA was to improve long-term earnings of participants and reduce their dependence on welfare. Whereas, CETA had income maintenance as a goal, JTPA shifted the emphasis to training meant to culminate in unsubsidized employment. This was to be accomplished by prohibiting PSE, which had accounted for about 80% of CETA funds in 1978, and by limiting the use of work experience activities through a requirement that only 50% of such costs be credited to JTPA (Cook & Rawlins, 1985).

7.2.5.1 JTPA Titles

Title I of JTPA authorized governors to approve requests for Service Delivery Areas (SDAs) for their respective states and to certify Private Industry Councils or PICs the majority of whose membership was to be representative of the private sector and whose main responsibility was to provide policy guidance, oversight, and approval of job training plans (Guttman, 1983). The centerpiece of JTPA, constituting about three fourths of its expenditures, was Title II which provided (a) training grants to states, (b) a summer jobs program for youth, and (c) set-aside funds for education and older workers programs. About 40% of JTPA enrollees received classroom training, roughly twice the percentage under CETA, and about 22% of all JTPA enrollees participated in OJT, roughly twice that under CETA. Title III made funds available for workers dislocated due to foreign competition or technological change. Title IV continued several CETA programs whose administration remained the direct responsibility of the federal the government – the Jobs Corps, adopted during the Johnson administration's War on Poverty as a program for youth, as well as programs designed for Native Americans, migrant and seasonal farm workers, and veterans.

7.2.5.2 JTPA Eligibility

Eligibility for JTPA programs was restricted, as was the case for CETA, to individuals: (a) whose families earned less than the federal poverty guideline or less than 70% of the Department of Labor's lower living standard income level, which varied by locality, ranging in the continental U.S.A, for example, from $9,210 to $11,660 for the average-sized poor household of three, compared to the uniform 1987 federal poverty guideline of $9,300; (b) in families receiving cash welfare or Food Stamps; (c) foster children; and (d) handicapped adults whose personal earnings did not exceed the income criteria, irrespective of their family's income. Unemployment insurance, cash welfare, and child support payments were excluded as income in determining eligibility (Cook & Rawlins, 1985; Levitan & Gallo, 1988).

7.2.5.3 JOBSTART

JTPA also provided for JOBSTART, a job-training and education demonstration project for 17- to 21-year-old disadvantaged school dropouts who read below the eighth-grade level and were eligible for Title II-A programs or the Job Corps which was funded under Title IV-B (Cave, Bos, Doolittle, & Toussaint, 1993). There were 13 JOBSTART demonstration sites, and 2,312 applicants were deemed eligible to participate. Follow-up surveys occurred at 12, 24, and 48 months after random assignment to experimental and control groups. JOBSTART participants were more likely to obtain a GED than those in the comparison group (42.0% vs. 28.6%), but they made on average only $400 more a year and were equally as likely to receive public assistance. From a societal perspective, investment in JOBSTART services, about $4,500 per experimental participant, was not repaid through their earnings or other benefits through the follow-up period. As Gueron indicated in her preface to the final report (Cave et al., 1993), such results were less positive than hoped for, although they were deemed a sufficient basis on which to build more effective programs that provided a combination of basic skills education, occupational training, support services, and job placement assistance. Such a combination of services was a significant departure from JTPA in general which emphasized short-term services for somewhat more employable persons.

7.2.5.4 JTPA and AFDC

Leading up to the Family Support Act of 1988 (P.L. 100-485), the major welfare reform legislation during the Reagan administration, the relationship between JTPA and AFDC was tenuous at best (Levitan & Gallo, 1988). With a few notable exceptions; such as, Massachusetts, JTPA/AFDC was not a high state priority. Few welfare administrators were represented on PICs whose mandate was to advise local government and approve job training plans. Two out of every five JTPA participants received some form of public assistance, nearly identical to that under CETA. A survey of 45 SDAs, as reported by Levitan and Gallo (1988, p. 52), found that two thirds of the welfare recipients served had not been referred by a welfare agency or any other program. In addition, only a fourth of the WIN referrals who enrolled in JTPA obtained support services from the WIN program. Given general SDA practices, which included screening out applicants with unsatisfactory work histories or skills to improve placement rates (Anderson, Burkhauser, & Raymond, 1993), it was highly unlikely that WIN enrollees received support assistance from JTPA funds (Levitan & Gallo, 1988).

7.2.5.5 Overall Assessment of JTPA

On the whole, the adult job training component of JTPA was severely criticized for focusing more on the short-term goal of job placement, enhanced by creaming, than by the long-term objective of enduring human capital development. Additionally, OJT subsidies morphed into wage subsidies, with public money buying little or no incremental training (Courty & Marschke, 1997; Donahue, 1989). National study results indicated that classroom training for adult men and women failed to raise income of either group, while OJT had a modest but fleeting effect on female income (about 7.2% increase during program participation and 2.1% increase 18 months afterward), and no income effect for males. Nor did JTPA change hourly wages of participants, a key indicator of increased skill level (Employment Policies Institute, 2008; Lafer, 2002; U.S. Department of Labor, 1993). At 30 months, follow-up studies suggested a modest increase in adult male and female JTPA participants' total earnings, about 5.3% and 9.6% difference, respectively, over the control group counterparts (Bloom et al., 1997). The Job Corps component of JTPA, which provided comprehensive services to disadvantaged youth; such as, vocational skills training, basic education, and health care in addition to residential living, had more consistently positive outcomes depending on the assumptions and sensitivity tests used. Long, Mallar, and Thornton (1981), for example, showed favorable benefit-cost ratios to society under seven of eight sets of assumptions and to Corps participants on all eight assumptions. Former Job Corps participants were found to have greater employment and earnings, more education, better health, and less serious criminal records than the comparison group in the 4-year study period between 1977 and 1981; they were also less likely than the comparison group to receive cash welfare payments, Food Stamps, or unemployment insurance (Levitan & Gallo, 1988).

In their national study of JTPA Title II recipients, Orr et al. (1996), however, reported that JTPA did not significantly increase youths' earnings, or reduce their welfare benefits, over the 30-month follow-up period, overall or in any of the six youth service strategy subgroups. Nor were significant positive earnings effects found for any of 39 youth subgroups formed on the basis of baseline characteristics. On the basis of their data, Orr et al. ruled out several competing hypotheses: (a) that participation in the program diverted enrollees from employment and that this reduction in earnings offset increases in earnings once they were out of the program; (b) that youth received no greater services than they would have had they not entered JTPA; and (c) that youth services were of poor quality. Findings suggested, Orr et al. contended, that training needs of youth differed from those of adults and that they may benefit from either more intensive services, or at least different kinds of services than adults for training to be effective. They noted that JTPA tended to provide remedial education in a classroom setting, separate from occupational skills training, and they recommended integration of remedial education and occupational skills training, pointing to the Center for Employment Training (CET) in San Jose, CA which used that approach. Integration of education and training came to dominate larger initiatives designed for workforce development and vocational educational reforms for illiterate adults and for youth throughout the 1990s and continuing to the present (Commission on the Future of Higher Education, 2006; Golden & Katz, 2008; Gross, 2009; Grubb, 1996a; Olson, 1997), subjects of Sect. 7.3.

7.3 Workforce Development Initiatives

7.3.1 Overview

Workforce development and related initiatives in large part reflected concerns about the U.S. competitiveness in an increasingly global economy, one that stressed porous trade barriers open to goods and services, as well as to financial capital and labor. Since the 1980s, the hemorrhaging of higher paying full-time manufacturing jobs and the concomitant bifurcation of service-sector jobs, many of which were lower-wage contingent jobs and others of which were cognitive skill-intensive higher paying jobs, resulted in an overall decline in the creation of new jobs (Committee on Education and Labor, 1987; Committee on Labor and Human Resources, 1987a; Farber, 2003; *New York Times*, 1988; Sherk, 2009). The continual erosion of higher-paying manufacturing jobs that had required less education, especially those affecting White males, received a great deal of public attention over the past several decades (Bartlett & Steele, 1992; Blinder, 1988; Caputo, 1995; Harrison & Bluestone, 1988) and created career challenges for those immediately affected as well as for youth and young adults preparing to enter the job market and for illiterate adults who continually faced problems negotiating the job market (Imel, 1989). To ensure greater competitiveness of the U.S. labor force to meet the challenges associated with an increasingly global economy that demanded more cognitive skills for higher paying jobs, legislative initiatives went beyond low-income persons per se and moved toward establishing a workforce development system benefitting a wider array of job seekers and also meeting employer needs (Pines & Callahan, 1997).

In the 1980s, the policy problem for youth began to shift from unemployment among disadvantaged youth toward the low academic achievement of youth in general (Lerman, 2007). No longer concerned with the lack of work experience and the prospects for disadvantaged youth, policymakers and employers responded to reports of a nation at risk due to the inability of a large share of students to attain basic skills in reading, math, and writing (Committee on Labor and Human Resources, 1984; Hamilton, 1984; National Commission on Excellence in Education, 1983). Increasing demand for skills in many jobs necessitated that schools ensure students were work-ready at graduation and that employers would take care of the occupation-related and work-related skills. An underlying expectation that workers were going to change occupations and industries frequently precluded the need for early career-focused education. Rather than abandoning vocational education outright, however, new goals integrated academic and vocational education; such as, encouraging vocational education students to take higher level academic courses in English, math, and science (Lerman, 2007; Murnane & Levy, 1996).

In 1990, the Secretary of Labor appointed a commission to determine the skills young adults would need to succeed in the world of work. The Commission completed its work in 1992 and produced a series of reports, such as *What Work Requires of Schools* (The Secretary's Commission on Achieving Necessary Skills, 1991), designed to encourage a "high performance economy characterized by high-skill, high-wage employment" (U.S. Department of Labor, 2009). The Commission's reports and others issued in the 1990s, such as *America's Choice: High Skills or Low Wages!* (1990), shifted debate from a narrowly defined set of academic abilities to a broader array of academic or general competencies, technical and specific job skills, interpersonal abilities, and behavioral traits, including motivation (Hayward & Benson, 1993). Vocational-educational programs and how to increase youths' skills to meet the needs of the current workforce played a large role in workforce-related policy debates and legislative initiatives throughout the 1990s to the present (Rosenbaum & Binder, 1997).

This section highlights several larger workforce initiatives designed to ameliorate the adverse effects of a changing global economy. Some of these initiatives, such as WARN (P.L. 100-379), and the EDWAA (P.L. 100-418) both enacted in 1988 during the Reagan administration targeted displaced workers and offered them retraining and skill-upgrading opportunities, as did the Trade Adjustment and Assistance Reform Act of 2002 (P.L. 107-210) enacted during the G.H.W. Bush administration. Other initiatives; such as, the Clinton administration's STWOA of 1994 (P.L. 103-239), targeted high school and to a lesser degree college students; whereas, the WIA of 1998 (P.L. 105-220) targeted a broader array workers to better prepare them for a more flexible or volatile labor market. The combination of these federal initiatives and state and local efforts lead to "workforce development systems," that is, a broad range of employment and training services and programs whose purpose was to enable job seekers and students to access a wide range of information and services about jobs, the labor market, careers, job placement, education and training skills, financing options, skills standards or certification requirements, and supportive services (Pindus, Koralek, Martinson, & Trutko, 2000). This section of the chapter relies on related reports about the effects of job training initiatives generated by the U.S. Department of Labor, Employment and Training Administration, as well as research by academic labor economists.

7.3.2 Dislocated Workers

7.3.2.1 Overview

As noted in Sect. 7.2.5.1, Title III of JTPA provided funds for workers dislocated due to foreign competition or technological change. This was the first federally funded program designed explicitly to meet the specific employment needs of the broad range of dislocated workers (Dickinson, Kogan, Rogers, & Visher, 1992). Facing prospects of longer durations of unemployment, lower wages in subsequent jobs, or both, dislocated workers had become an increasingly severe social problem in the 1980s and Displaced Worker Supplements (DWS) were added to the January Current Population Survey (CPS) in 1984 (Addison & Blackburn, 1994; Podgursky & Swaim, 1987). Between 1979 and 1984 there were about 5.1 million dislocated workers in the U.S.A., with about 2.7 million or 1 in 25 workers in a recession year (Schweke, 2004). WARN (P.L. 100-379), which was unsigned by President Reagan in 1988, culminated Congressional attempts since 1974 to pass plant-closing legislation (CRS, 1988c). WARN required employers of 100 or more full-time employees to provide 60 days advance notice of a plant closing (any unit with 50 or more employees) or mass layoff (6 month duration affecting at least one third of the workforce of 50 minimum) to representatives of the affected workers and to the local government. WARN had no job training or skill enhancement provisions for displaced workers.

Although absolute numbers of dislocated workers declined in the 1990s (Hipple, 1999), the financial impact was similar to that of the 1980s because workers were unable to secure jobs with wages comparable to their previous ones. Job losses were higher among blue-collar workers, especially in the manufacturing industries in the 1980s, but in the 1990s increases in job losses occurred among white-collar workers outside the manufacturing sector. Between January 2001 and December 2003 5.3 million persons were displaced and among those reemployed 57% made less than their previous job. Of all age groups, older workers fared the worst. Dislocated younger workers (20–24 years old) and prime-age workers (25–54 years old) were reemployed at 65% and 69%, respectively; whereas, 56% of displaced workers aged 55–64 had jobs and only 24% of those aged 65 and over had jobs (Farber, 2003; Gardner, 1995; Jacobson, LaLonde, & Sullivan, 1993; Schweke, 2004).

7.3.2.2 The Economic Dislocation and Worker Adjustment Assistance Act

The EDWAA, Subtitle D of Title VI of the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418) amended Title III of JTPA by replacing it with provisions to aid dislocated workers. It outlined administrative provisions with respect to the allocation and use of such aid. EDWAA required the Secretary of Labor to develop, in coordination with the Secretary of Agriculture, statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures. It required the Secretary of Labor to conduct a study, in conjunction with the Secretary of State, to identify the extent to which counties enforced internationally recognized worker rights. EDWAA also required the Secretary of Labor to make funds available through the U.S. Employment Service for the development and implementation of job bank systems in each state (CRS, 1988b).

EDWAA was designed to address several limitations associated with Title III of JTPA, including (a) under expenditure of funds despite need, (b) service to a small percentage of dislocated workers, (c) overemphasis on job search and short-term training relative to long-term training, and (d) state incapacity to provide sufficiently rapid response to specific dislocations (CRS, 1988b; Dickinson et al., 1992). EDWAA required states to designate substate areas and provide at least 60% of their EDWAA allotment to designated substate grantees through a combination of formula allocations (of at least 50% of a state's allotment) and discretionary grants. Under EDWAA states played a major role in (a) building a substate delivery system, (b) ensuring program accountability, and (c) administering state funds. Most states made the substate geographic boundaries the same as the SDAs used under JTPA Title II-A programs for disadvantaged persons, and to avoid creating a new structure and increasing overhead costs, they selected Title II-A SDAs as the agencies to receive EDWAA funds.

In their study of 15 states and 30 substate areas in program year 1989, Dickinson et al. (1992) reported that despite the emphasis on long-term training, most states gave little emphasis to supportive services and needs-related payments. This was the case whether services were general or plant-specific retraining. In regard to general retraining services, all but one of the 15 states in the study offered dislocated workers a choice of OJT or classroom training. Community colleges and vocational technical schools were the most frequent providers of occupational classroom training programs for EDWAA participants. Tuition vouchers ranged from $1,200 to $6,000 per trainee in substate areas that approved them. In many instances what was offered was unrelated to what dislocated workers needed; for example, training curricula geared to entry-level jobs were of little interest to dislocated workers. In regard to OJT, no program exceeded 6 months duration, with about half less than 13 weeks. OJT programs were about evenly split between meeting needs of dislocated workers and those of employers.

Seven of the thirty sites Dickinson et al. (1992) studied were sites of new plant-specific projects with EDWAA funds, and an additional seven previously existing plant-specific projects were examined also. Many of the services were tailored to retrain needs of workers, especially for more homogeneous, smaller groups of dislocated workers, and participating community colleges developed short-term programs in such areas as accounting studies and word processing, accordingly. For larger more heterogeneous groups of layoffs, OJT contracts were used to provide services throughout the layoff notification and layoff process, often engaging management, training specialists, and staff of the local area employment service.

In light of their findings Dickinson et al. (1992) raised several issues of concern, particularly in regard to integrating JTPA Title II-A, which targeted economically disadvantaged workers, and Title III which targeted dislocated workers who on the whole were less economically needy. It was hard to justify offering services to dislocated workers that could not be offered to Title II-A recipients. As a result, few financial resources were allocated for long-term training. Further, little thought was given to meet the special needs of members of each of these two groups, which meant, for example, no special outreach efforts for either of them. OJT was also problematic for dislocated workers who needed more specialized retraining skills than the more remedial entry-level skills endemic to many integrated OJT programs.

An examination of nine different demonstration projects, including some in Canada and Australia, showed that job search assistance strongly affected labor market outcomes; such as, earnings, placement and employment rates, and level of unemployment insurance benefits (Leigh, 1990). No clear evidence was found for the effects of either classroom or OJT on net employment or earnings. Leigh recommended that job search should be the core of any adjustment assistance services offered to displaced workers, given its cost effectiveness. In other words, it was preferable to assist displaced workers, presumably who had skills, in finding jobs for which their existing skill set made them suitable than it was to retrain them for new careers. This is an important finding, given that some researchers (e.g., Hong & Wernet, 2007) who attribute decreased likelihood of poverty-level income among working persons to job training in general failure to specify type. Additionally, as LaLonde (1995) contended, was the issue of whether dislocated workers, who tended primarily to be prime-age men in their 30s and 40s, could accumulate new skills as effectively and efficiently as younger workers to yield economic gains justifying the costs of training programs. Nonetheless, LaLonde cautioned that programs relying on job search made it difficult to assess displacement effects; that is, whether such training displaced those who did not receive training from jobs. The remaining sections of this chapter show trade-related adjustment assistance received much attention throughout the 1990s. Despite relatively poor outcomes of such efforts, concerns about globalization of the U.S. economy produced renewed interest and legislation that expanded job training and vocational education to socioeconomically broad sections of the population.

7.3.3 Educational and Training Initiatives to Keep America Competitive in the Global Economy

7.3.3.1 Overview

Keeping the U.S.A. economically competitive has been a major impetus behind the federal government's involvement in educational reforms intended primarily to improve School-to-Work (STW) transitions. Over the course of the twentieth century, these efforts have taken two basic forms (Neumark, 2006b). One focused on explicit programs to link education to the job market. As discussed in more detail in Sect. 7.3.3.2, the landmark efforts linking education to the job market were vocational education which functioned in relative isolation from comprehensive high school curricula (the Smith-Hughes Act of 1917, P.L. 65-347) and Tech Prep which sought to integrate vocational education and comprehensive high school curricula with links to 2-year postsecondary programs (the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990, P.L. 101-392). A third such landmark initiative, discussed in Sect. 7.3.4, was the development of an explicit STW program in high schools targeting all students, including those in academic tracks and bound for college (the STWOA of 1994, P.L. 103-239).

The second form of educational reform initiatives, which falls outside the scope of this study, focused more broadly on improving education quality, linking school quality to economic returns to schooling. This track of educational reform emphasized measurable educational outcomes and was strongly reflected in the No Child Left Behind Act of 2001 (P.L. 107-110), which assigned a central role to standardizing tests in grades K-12.

This section and the next, in part, focus on the first track of educational reform designed to improve STW transitions. Section 7.3.3.2 does so in the larger context of legislative initiatives designed to address specific populations adversely affected by changes in the economy due to increased competition, such as dislocated workers and illiterate adults, as well as young adults for whom STW transitions were deemed most appropriate.

7.3.3.2 Early Academic and Vocational Education Initiatives

The Education and Training for a Competitive America Act was enacted as Title VI of the Omnibus Trade and Competitiveness Act of 1988 (P.L. 100-418). In addition to provisions for dislocated workers as noted in Sect. 7.3.2.2, Title VI also included among other things: (a) provisions for elementary and secondary education, (b) educational partnerships between public schools and the private sector, (c) projects designed to address school dropout problems and to strengthen basic skills instruction, (d) instructional programs in technology education, (e) programs in vocational education, and (f) higher education efforts aimed at increasing literacy in general and scientific literacy in particular (Committee on Labor and Human Resources, 1987b; CRS, 1988b). A related piece of legislation, the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (P.L. 100-279), also addressed educational improvements, including in Title II-B programs for educationally disadvantaged adults and in Title II-D vocational education programs, as a key component of American's future economic success (CRS, 1988a; Irwin & Riddle, 1988).

Two years later, also motivated by the need to make the U.S.A. more competitive in the world economy, Congress cemented the federal role in vocational education by passing the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 (P.L. 101-392), also known as *Perkins II* (CRS, 1990; Hayward & Benson, 1993). Earlier legislation, namely, the Smith-Hughes Act of 1917 (P.L. 65-347), the first federal vocational education act, had isolated vocational education from other parts of the high school curriculum, requiring states, for example, to set up a state board for vocational education separate from the state board of education. Neither the Vocational Education Act of 1963 (P.L. 88-210) nor the Carl D. Perkins Vocational Education Act of 1984 (P.L. 98-524) altered that arrangement, although both increased federal involvement in vocational education and the latter had provisions linking vocational education programs to those for discouraged workers and for JTPA participants. The Reagan administration's Adult Literacy Initiative launched in 1983 also reaffirmed federal involvement in promoting basic literacy as a basis for improving vocational and job-related experiences and opportunities among the general population and for JTPA participants (Butler & Hahn, 1985; Imel, 1988; Radwin, 1984; Reagan, 1983). It reflected the administration's concern with the effect that illiteracy had on the productivity of the American workforce and the number of persons on welfare or in prison who were illiterate (Kolenbrander, 1987). Estimates of out-of-school adults lacking basic skills ranged from 20 to 30 million at any given time in the 1980s (Chisman, 1989). Constant federal dollars for adult literacy, however, declined throughout the 1980s by about 13%, although state funding increased by over 200% (Education Writers Association, 1989).

Perkins II joined vocational and academic education "at the hip" so to speak by emphasizing the integration of vocational and academic education and forging closer links between work and education. Part E of Title III of *Perkins II* authorized up to $125 million, the largest share of all the special programs enacted in the legislation, to establish Tech Prep education programs. Participants were required to receive 2 years of secondary school preceding graduation and 2 years of higher education, or an apprenticeship of at least 2 years following secondary instruction. *Perkins II* also required a common core of proficiency in mathematics, science, communications, and technologies designed to lead to an associate's degree or certificate in a specific career field. *Perkins II* was reauthorized in 1998 and again in 2006.

The Carl D. Perkins Vocational and Applied Technology Education Act of 1998 (P.L. 105-332), also known as *Perkins III*, sought to make vocational and technical education an integral part of state and local efforts to reform secondary schools and to improve postsecondary education (Office of Vocational and Adult Education, 1999). Research had shown that governmental funding of postsecondary vocational education had significant positive effects on individual economic outcomes, especially in regard to women in general, but much less so for men from lower socioeconomic backgrounds (Lewis, Hearn, & Zilbert, 1993). To ensure greater improvements and innovations aimed at integrating education, industry-needed knowledge, and job-specific skills, *Perkins III* created a state performance accountability system; whereby, the Secretary of Labor and individual states reached agreement on annual levels of performance on "core indicators." As specified in the law, core indicators included (a) school attainment of challenging state-established academic, vocational, and technical skills; (b) school attainment of a secondary school diploma or its recognized equivalent; (c) a proficiency credential in conjunction with a secondary school diploma, or a postsecondary degree or credential; (c) placement in, retention, and completion of, postsecondary education or advanced training, placement in military service, or placement or retention in employment; and (d) student participation in, or completion of, vocational and technical education programs that lead to nontraditional training and employment. *Perkins III* also reauthorized the State Tech Prep Education State program, considered a major catalyst for secondary school reform and postsecondary improvement efforts. It required states to give special consideration in awarding funds to tech-prep programs that provided education and training for employment in industries with significant workforce shortages, including the information and technology industry.

The Carl D. Perkins Career and Technical Education Improvement Act of 2006 (P.L. 109-270), also known as *Perkins IV*, amended *Perkins III* in several significant ways (CRS, 2006; National Education Foundation, n.d.). It required "articulated agreements" at the state level that linked programs through credit transfer agreements and lead to technical skill proficiency, a credential, certificate, or degree. *Perkins IV* lifted restrictions and allowed preparation for careers requiring a baccalaureate, master's, or doctoral degree. It ended Tech Prep demonstrated projects while giving States additional flexibility to fund Tech Prep programs. In addition, *Perkins IV* strengthened the accountability for implementing Tech Prep programs. Each consortium of public or private agencies receiving a Tech Prep grant had to establish and report specific indicators of performance and agree with the state to meet a minimal level of performance on each indicator. Performance indicators included: (a) the number of secondary and postsecondary Tech Prep students served; (b) the number and percentage of secondary Tech Prep students who enroll in postsecondary education, complete a state or industry-recognized certificate or licensure, complete courses that earn postsecondary credit, and enroll in remedial math, writing, or reading courses upon entering postsecondary education; and (c) the number and percentage of postsecondary Tech Prep students who are placed in a related field of employment within 12 months of graduation, complete a state or industry-recognized certificate or licensure, complete a 2-year degree or certificate program within the normal time, and complete a baccalaureate degree program within normal time. Finally, for purposes here, *Perkins IV* repealed the prohibition against the use of funds to provide funding under the STWOA of 1994, discussed in Sect. 7.3.4.

7.3.4 The School-to-Work Opportunities Act of 1994

Acknowledging declines in average annual real wages of high school dropouts and high school graduates who never attended college, especially relative to those with some college and college graduates since 1979, the Clinton administration was committed to the idea that job training was a necessary investment in human capital that would have long-term beneficial effects. A defeated stimulus package in 1993, for example, had set aside roughly $16.5 billion to upgrade American skills. The Clinton administration, however, was also aware of the limited antipoverty effects of job training programs (Blalock, 1994). Nonetheless, despite cost-benefit and other evidence to the contrary, albeit more so for men than women, at an estimated cost of trillions of dollars of investment to restore parities in wage differentials by education to their 1979 levels (Heckman, 1994), two job training and education measures were passed during the Clinton administration. One, the STWOA of 1994 (P.L. 103-239) discussed here targeted youth; the other, the WIA of 1998 (P.L. 105-220) discussed next in Sect. 7.3.5 targeted the working age population in general as well as segments of that population facing hardships due to increased globalization of the U.S. economy.

The STWOA of 1994 (P.L. 103-239) sought to create an integrated system of youth education, job training, and labor market information, to provide a faster and more successful transition from school to stable employment (Neumark & Joyce, 2001). Earlier efforts at providing work experiences for high school youth were outside schools, either in private business or public employment, and they were often of poor quality (Stern, 1984). The STWOA provided $1.5 billion over 5 years to support increased career preparation activities in public schools throughout the U.S.A. (Neumark & Rothstein, 2006). When passing STOWA on January 25, 1994, Congress noted among other things that three fourths of high school students in the U.S.A. enter the workforce without baccalaureate degrees, with many bereft of academic and entry-level occupational skills necessary to succeed in the workplace; that in 1992 approximately 3.4 million individuals in the U.S.A. age 16 through 24 had not completed high school and were not currently enrolled in school, a number representing approximately 11% of all individuals in this age group; and that the U.S.A. lacked a comprehensive and coherent system to help its youth acquire the knowledge, skills, abilities, and information about and access to the labor market necessary to make an effective transition from school to career-oriented work or further education and training U.S. Congress (1994).

As Caputo (2004) and others (e.g., Olson, 1997) have noted, STWOA established a national framework within which states and communities could develop STW Opportunities systems to prepare young people for first jobs and continuing education. Nothing in STWOA philosophy suggested that it was intended for only those students who intended to work immediately after high school. STWOA provided money to states and communities to develop a system of programs that included Work-Based Learning, School-Based Learning, and Connecting Activities components. STW programs were intended to provide students with a high school diploma (or its equivalent, a GED), a nationally recognized skill certificate, or an associate degree (if applicable) that could lead to a first job or further education. By fall, 1997, 34 of 37 grantee states had formed 1,106 STWOA partnerships, including 83% of their secondary school districts. Funding levels were relatively modest, however, with local grants averaging $25,000 per school district or $4.32 per student (Hershey, Silverberg, Haimson, Hudis, & Jackson, 1999). It should be noted that STWOA programs did not exhaust the number of school-to-career programs operated by public schools since programs, such as Career Academies and Tech Prep, were running prior to STWOA and some schools that did not receive STWOA funding nonetheless continued to run them (Kemple, 2001, 2008; Neumark & Rothstein, 2006).

STWOA adhered to the educational philosophy of John Dewey (1916, 1977) who rejected vocational education as training for specific trades (Caputo, 2004). Instead, Dewey supported education through occupations as the most powerful way to acquire practical knowledge, apply academic content, and critically examine industrial and societal values. Critics of STWOA raised many of the same concerns that Dewey did initially, as did others who were critical of the Smith-Hughes Act of 1917 (Gregson, 1995). In particular, they charged that STWOA takes the interests of students and makes them subservient to the interests of employers (Grubb, 1996b; Levine, 1994); thereby, reflecting a larger issue discussed in Chap. 10 Sect. 10.2.4 related to the purpose of secondary and postsecondary education, especially learning to do vs. learning to know. Other critics rejected the contemporary application of Dewey's pedagogical approach to education. They claimed that it lacked academic rigor and placed too much emphasis on learning to do and insufficient attention on learning to know (Patterson, 1998). Nonetheless, education for use, which invariably signifies training a person in the knowledge, skills, and attitudes they can apply to the performance of a certain job or to the playing of a domestic role, has a formidable history in the U.S.A. (Drost, 1977). A social movement of sorts emerged in support of STW programs and related educational reforms, although they were relatively short-lived given that STWOA was not reauthorized in 1999; thereby, ending targeted or categorical federal support for explicit STW programs (Gregson, 1995; Grubb, 1996a; Neumark, 2006b; Olson, 1997; Urquiola et al., 1997).

STWOA linked education reform to economic development through three components: School-Based Learning, Work-Based Learning, and Connecting Activities (Gray, 2000). School-Based Learning provided career awareness and exploration through counseling at the earliest age possible, but no later than the seventh grade. Participants were required to select a career major no later than the beginning of the 11th grade. The educational curriculum integrated academic and vocational training. Work-Based Learning offered a planned program of job training and experiences coordinated with School-Based Learning. It required participating schools to depart from traditional curricular tracking of college-bound and noncollege-bound students to the extent they had implemented such policies (Darling-Hammond, 2000; Lucas, 1999). The U.S.A. has no formal national tracking system, an idea that runs counter to the levels of social and economic mobility characteristic of the U.S. economy throughout most of its history (Gottschalk & Spolaore, 2002; Sawhill, 1999). Work-Based Learning allowed students to earn a Skill Certificate, signifying its holder had mastered core content and performance standards related to a specific occupation. Connecting Activities matched students with work-based opportunities and a site mentor who served as a liaison among the student, employer, school, and parents. This component also provided assistance with job searches or additional training for those completing the program. STWOA encouraged a wide array of programs, including job shadowing, mentoring, cooperative education programs, school enterprise, internship or apprenticeship programs and Tech Prep which was originally launched with *Perkins II* and whose funding STWOA reauthorized.

Early research on the effects of STW programs on youth was on the whole fragmentary (Urquiola et al., 1997). Subsequently, Neumark and Joyce (2001) reported that the existing research basis for the conclusion that STW programs improved labor market outcomes was weak. Much of the research was primarily anecdotal, reflecting the interests of government-sponsored agencies or advocacy groups of differing political persuasions (Dembicki, 1998; Department of Education and Department of Labor, 1997; Guest, 2000). A detailed localized or case study of STW programs in California provided little or no convincing evidence of the effectiveness of these programs (Neumark, 2006a). Nonetheless, an estimated 25% of the U.S. companies participated in a School-Based Learning STW program, with another 40% providing a Work-Based Learning experience, although how substantive these experiences were remained unclear (Cappelli, Shapiro, & Shumanis, 1998).

An eight-state STW study by Mathematica Policy Research, Inc. indicated that school curricula (such as career majors and integrating academic and career instruction) had a lower priority than career development (career awareness courses, career development units in other courses), or workplace activities (job shadowing) (Hershey, Hudis, Silverberg, & Haimson 1997). This finding also held in the more comprehensive national evaluation of STW programs (Hershey et al., 1999), and it appeared in the final report to Congress (Hudis, 2001). In the 34 states studied nationally, no differences were found among the 1996 seniors between students who completed a college-prep curriculum and those who did not or between groups defined by class rank, attendance, or entry to college. Neither the eight-state nor national study by Mathematica Policy Research, Inc. had comparison groups. Hence, differences between STW participants and nonparticipants could not be determined.

Neumark and Rothstein (2006) examined the education and employment effects of participating in the STW programs, including job shadowing, mentoring (matching students to an individual in a specific occupation), cooperative education (combining academic and vocational studies), work in a school-sponsored enterprise, Tech Prep (a planned program of study with a defined career focus), and internships or apprenticeships. They used data from the first four rounds of the 1997 National Longitudinal Survey of Youth (NLSY97); that is, from 1997, when the adolescents were aged 12–17, through 2000 Although NLSY97 lacked random assignment, it offered unparalleled opportunities to address educational and employment effects of STW programs. NLSY97 included a detailed battery of STW participation questions, a survey of schools attended by sample members soliciting information on STW offerings and other school characteristics, multiple observations on individuals in the same school, and a rich data set generally. More than two fifths (41.5%) of 2,933 subjects participated in STW programs. Only race was significantly related to STW participation, with Black students having participation probabilities that were higher by 32–79% relative to the overall sample depending on the type of STW program. After controlling for a variety of attitudinal, sociodemographic, school-related factors, Neumark and Rothstein reported that school enterprise STW programs boosted post-high school education (although Tech Prep reduced it) and cooperative education and apprenticeship STW programs boosted employment. Participation in these programs boosted the probabilities of enrollment or employment by about 0.05–0.1 relative to base probabilities of about 0.5 for college attendance and 0.6 for employment. The evidence strongly suggested net gains in skill enhancement for STW participation. There was little evidence that STW participation was especially beneficial to disadvantaged students, as distinguished by ethnicity/race, socioeconomic status, or sex.

7.3.5 The Workforce Investment Act of 1998

7.3.5.1 Overview

Despite the performance of STWOA, the Clinton administration and Congress continued their efforts to link education and job readiness to the broadest possible segments of the U.S. population, while concomitantly benefitting working poor persons in particular. The Taxpayer Relief Act of 1997 (P.L. 105-34) provided for HOPE Scholarships and Lifetime Learning Credits; thereby, opening the doors to a new generation. This was the largest federal investment in higher education since The Servicemen's Readjustment Act of 1944 (P.L. 78-346), better known as the G.I. Bill, which provided college and vocational education for returning veterans of World War II. The $1,500 HOPE Scholarship targeted students in the first 2 years of college (or other eligible postsecondary [certificate] training). Taxpayers were eligible for a tax credit equal to 100% of the first $1,000 of tuition and fees and 50% of the second $1,000 (indexed for inflation after 2001). Credits were available on a per-student basis and were phased out for joint files between $80,000 and $100,000 of income, and for single filers between $40,000 and $50,000 (also indexed after 2001). Lifetime Learning Credits targeted college juniors, seniors, and graduate students, as well as working Americans pursuing lifelong learning to upgrade their skills. For those beyond the first 2 years of college, or taking classes part-time to improve or upgrade their job skills, eligible families would receive a 20% tax credit for the first $5,000 of tuition and fees through 2002, and for the first $10,000 thereafter. The credit was available on a per family basis and phased out at the same income levels as the HOPE credit. It was expected that when fully phased in, 13.1 million students – 5.9 million claiming the HOPE Scholarship and 7.2 million the Lifetime Learning Credit – would benefit annually (U.S. Department of Education, 2001). A subsequent effort at universal education to reach middle class families, the Universal Higher Education and Lifelong Learning Act of 2007 (S. 1501) stalled in Congress (Redden & Lederman, 2007).

The WIA of 1998 (P.L. 105-220) was enacted to restructure and streamline multiple workforce development funding streams and ensure that employment and training services would be available to the public in the most efficient manner possible (Pindus et al., 2000). It required that 17 federal programs, with a total funding of about $15 billion annually, become mandatory One-Stop partners that help support a One-Stop system, make their core services through it, and participate in workforce local investment boards (Social Policy Research Associates, 2004). It provided a framework for a national workforce preparation and employment system designed to meet both the needs of the nation's businesses and the needs of job seekers and those who wanted to further their careers (U.S. Department of Labor, 1998). Most significantly, WIA gave every adult access to basic job- and career-related services through the One-Stop system, signifying a sharp departure from the eligibility criteria imposed under the superseded JTPA. It was also seen as a way to integrate TANF recipients into the larger workforce development initiatives by coordinating the two systems: WIA's focus on starting wages, retention, earnings increases, and building client credentials were viewed as key to enabling TANF recipients achieve self-sufficiency (Gault, 2002). By the end of 2003, there were nearly 2,000 One-Stop centers and an extensive network of satellite centers. More than 40% of local areas had six or more separate physical access points, and several had rather extensive networks; such as, Utah with 36 comprehensive centers and the Chicago Mayor's Office with 35 cites of which 4 were comprehensive and 31 satellites. In fiscal year 2006, about $3 billion were made available for adult, dislocated workers, and youth formula grant programs. About 1.1 million individuals participated in 2004 (Rubenstein & Mayo, 2007).

7.3.5.2 WIA Titles

WIA had five titles (U.S. Congress, 1998; U.S. Department of Labor, 1998). Title I of WIA authorized the new Workforce Development System, requiring states to establish workforce investment boards and to develop 5-year strategic plans. Governors were required to designate "workforce investment areas" and oversee local workforce development boards. New youth councils were to be set up as a subgroup of the local board to guide the development and operation of youth programs. Title I also authorized several national programs, including Job Corps; Native American programs; Migrant and Seasonal Farmworker programs; Veterans' Workforce Investment programs; Youth Opportunity grants for high-poverty areas; technical assistance efforts to states and local areas; demonstration, pilot, and other special national projects; program evaluations; and National Emergency grants. Title I also permitted states to enter into agreements on a reciprocal basis to permit eligible providers of training services in a state to accept individual training accounts (ITA) provided in another state. ITA was a voucher-like system enabling customers to select training programs that seemed right for them (Social Policy Research Associates, 2004). Title II reauthorized Adult Education and Literacy programs from 1999 through 2003.

Title III of WIA amended the Wagner-Peyser Act (P.L. 73-30), which had created a nationwide public employment service during the Franklin D. Roosevelt administration in 1933, to require that Employment Service/Job Service activities become part of a "One-Stop" system. The purpose of this earlier permissive (not statutorily binding) legislation was to assist job-seekers in finding jobs and to assist employers in finding qualified workers. Wagner-Peyser funded public employment offices known as Employment Service (ES) to provide employment-related exchange services. Although national in scope, Wagner-Peyser created a series of federally funded and guided, but state governed and managed, employment services (Rosenbaum, 1987).

Services included job search assistance, job referral, and placement assistance for job-seekers; reemployment services for unemployment insurance claimants; and recruitment services for employers with job openings. ES staff was responsible for certifying eligibility for the Work Opportunity Tax Credit (WOTC) and doing outreach to migrant and seasonal farm workers, including ensuring that job information was conspicuous and available to them in all local offices. One-Stop Centers provided information about and access to a wide array of job training, education, and employment services available for job seekers and employers at a single neighborhood location. They provided employers a single point of contact to provide information about current and future skills needed by their workers and to list job openings. The Wagner-Peyser program was funded through the Federal Unemployment Tax Act (P.L. 76-379), enacted in 1939, which imposed a payroll tax on employers. About 800 One-Stop Centers were operating in the U.S.A. at the time and 95% of states had planned to have or build such centers. WIA required all states to have One-Stop career centers by July 2000 (Pindus et al., 2000; Rubenstein & Mayo, 2007; U.S. Department of Labor, 1998).

Under WIA, most services to adults and dislocated workers were to be provided through the "One-Stop" system. Core services available to all adults with no eligibility requirements included: (a) job search and placement assistance, (b) labor market information (vacancies, needed skills, employment trends), (c) skill assessment, and (d) follow-up services. Intensive services for unemployed individuals unable to find work through core services alone included: (a) comprehensive assessments, (b) individualized employment plans, (c) group and individual counseling, (d) managed care, and (e) short-term prevocational services. More intensive training directly linked to job opportunities in the local area was to be made available to those who did not benefit from intensive services.

Eligible youth had to be low-income, ages 14 through 21. They also had to face one of several barriers to successful workforce entry: (a) school dropout; (b) basic literacy skills deficiency; (c) homeless, runaway, or foster child; (d) pregnant or a parent; (e) an offender; (f) needed help completing an education program or securing and holding a job. At least 30% of local youth funds must help those not enrolled in school. Youth were to be prepared for postsecondary education opportunities or employment, with both year-round and summer programs linking academic and occupational learning. Programs must include tutoring, study skills training, and instruction leading to (a) the completion of secondary school, (b) alternative school services, (c) mentoring by appropriate adults, (d) paid and unpaid work experience (internships, job shadowing), (e) occupational skills training, (f) leadership development, and (g) appropriate supportive services. Guidance counseling and follow-up services for 1 year were also available as appropriate.

Title III of WIA also required linkages between the Act's programs and Trade Adjustment Assistance and North American Free Trade Agreement (NAFTA) Transitional Adjustment Assistance programs. It established a national employment statistics initiative and the temporary Twenty-First Century Workforce Commission to study issues relating to the information technology workforce in the U.S.A.

Title IV reauthorized Rehabilitation Act programs through fiscal year 2003 and linked these programs to state and local workforce development systems. Title V had general provisions authorizing states to unify plans relating to several workforce development programs, providing incentive grants for states exceeding negotiated performance levels under WIA, the Adult Education Act, Perkins Vocational Education Act, and for transitional programs.

7.3.5.3 WIA Evaluation

A 5-year implementation study resulting from multiday site visits to 21 states and 38 local area workforce investment agencies assessed six aspects of WIA: (a) streamlining services through integration, (b) providing universal access to services, (c) empowering individuals through a customer-focused approach to services, (d) promoting state and local flexibility, (e) promoting system accountability,

(f) engaging the private sector, and (g) improving youth services (Social Policy Research Associates, 2004). The study reported progress in five areas, albeit with challenges that warranted attention. The only area with insufficient progress was engaging the private sector. Challenges to service integration included the determination of partners' fair contribution, varying visions of what integration meant (co-location or cross-referral vs. full-service delivery), and separate performance and reporting requirements. Difficulties with coordination and integration of workforce and job training services had been previously well documented, particularly in regard to linkages between employment services (ES) agencies, welfare offices servicing TANF clients, and welfare-to-work offices which were administered through the JTPA system (Elliott, Spangler, & Yorkievitz, 1998; Grubb, Brown, Kaufman, & Lederer, 1990; Martinson, 1999; National Commission for Employment Policy, 1991; Pindus et al., 2000; Rosenbaum, 1987). Achieving an integrated system remained elusive: 44 programs administered by nine federal agencies provided a range of employment and training services in 2003 (U.S. General Accounting Office, 2003). ES was the largest of these programs, with about 20 million participants in 2002, followed by Adult Education with 2.7 million, Tech Prep with 1.5 million, and Vocational Education Basic Grants to states and state Vocational Rehabilitation Services with 1.3 million each. More than half a million (605,497) TANF recipients also participated in employment and training services, as did 392,194 WIA adults, 373,074 WIA youth, 330,439 WIA dislocated workers, and 67,800 in Job Corps.

The 5-year implementation study also reported challenges to universal access that included funding limitations, image (One-Stop centers as "the place where poor people go"), striking an appropriate balance between more intensive and costly training services vs. services at lower tiers and between high priority groups vs. access to less needy persons, servicing those with limited English and computer literacy, and limited ability to track outcomes (Social Policy Research Associates, 2004). The stress on universality produced some changes in clientele from those under JTPA. WIA had replaced JTPA and the local workforce investment areas had replaced the SDAs. The adult program results of the 5-year implementation study showed that as intended WIA clientele were not limited to low-income persons as was the case for JTPA. WIA clientele also had shorter spells of participation, as anticipated given its broader service emphasis. In regard to youth, WIA tended to provide services to those still in school than was the case for JTPA's Title II-C program. In addition, duration of WIA services was more variable. Changes in clients and services in the dislocated worker program were modest.

Challenges to cultivating a customer-focused approach included the caps on Individual Training Accounts (ITAs) many local area agencies imposed to accommodate other service priorities. Striking a balance between investing heavily in customized training that meet business needs and provided a nearly guaranteed job to trainees vs. the more generalized ITA approach was problematic. Progress toward increased flexibility meant great variation in programs. This created an information gap about what constituted best practices. Challenges to performance accountability included: (a) higher standards limiting choice to the extent eligible vendors fail to meet them or decline to participate, (b) variation in data quality, (c) numerous and complex measures, (d) uncertain reliability of measures, and (e) conflicting measures across programs. Meaningful business participation and improving youth services proved difficult. Many of those running their own companies were too busy. Establishing and coordinating value-added business services were particularly problematic. Initial appointments of Youth Councils were delayed, with some progress made after 18 months.

A study of One-Stop career centers in California showed that they were well positioned to serve the unemployed, although accessibility varied by age, location, and race/ethnicity (Joassart-Marcelli & Giordano, 2006). On the whole, access to One-Stops was found to reduce unemployment, particularly in neighborhoods with limited employment opportunities. Larger effects were reported for groups who experienced limited mobility due to gender or race; such as, Black and female job seekers.

7.3.6 The Trade Adjustment and Assistance Reform Act of 2002 (TAA)

Trade adjustment assistance in the U.S.A. began during the John F. Kennedy administration with passage of the Trade Expansion Act of 1962 (P.L. 87-794, TEA). Under TEA trade-impacted industries and workers would no longer receive tariff protection per se (i.e., increases in one area would be offset by decreases in other areas), but rather compensation in the form of adjustment assistance (Kapstein, 1998). Worker eligibility required evidence that import levels in the worker's industry had increased in major part because of TEA and that the increase was a major cause of injury to workers in specific firms in the industry. As a result of such burdensome eligibility criteria, not one firm or group of workers qualified for adjustment assistance between 1962 and 1969. The U.S. trade surplus which had reached a 20-year high of nearly $7 billion in 1964 fell to $607 million by 1969. Declining GDP growth from over 6% in 1965 to 3% in 1969 and to 0% in 1970 and increasing unemployment from 3.8% in 1966 to 4.9% in 1970 made it increasingly difficult for displaced workers to find jobs.

The Trade Act of 1974 (P.L. 93-618) made the trade adjustment assistance program more accessible to displaced workers. Imports needed only to contribute importantly to the injury – the major cause clause was eliminated. Dislocated workers could receive unemployment benefits at 70% of normal wages, rather than the 65% under TEA. As a result, the number of eligible workers increased. Between 1978 and 1980 the number of recipients more than tripled, going from 164,000 to 532,000 (Congressional Budget Office, 1982, 1993; Congressional Research Service [CRS], 1975; Kapstein, 1998).

As noted in Sect. 7.3.2, dislocated workers had become an increasingly severe social problem throughout the 1980s. Earlier reports of trade adjustment assistance programs, however, suggested that they were unnecessary. For example, when surveyed, 71% of beneficiaries were found back at work before they received their first benefits, and 60% of these had returned to their previous employer. Eligibility criteria were tightened up again. Imports had to be a substantial cause of injury, not just a contributing cause. Benefits were also lowered. As a result, the number of beneficiaries dropped during the 1981–1985 period from the 1976 to 1980 level. Trade adjustment again seemed to be failing dislocated workers. In 1988, however, as noted in Sect. 7.3.2, Congress passed the EDWAA (P.L. 100-418), requiring that retraining be part of the benefit package (Kapstein, 1998). In part amending TEA in 1993, Title V of The NAFTA (P.L. 103-182), the Transitional Adjustment Assistance Program (NAFTA-TAA), adopted a similar position (U.S. Congress, 1993). Shortcomings were duly noted, especially granting training waivers without loss of allowances to those who requested not to attend and overall assessments of impact or effectiveness remained elusive (Raftery, 1998). Authorization for trade adjustment assistance expired in 2001 as it got little political traction from business and labor, as well as from either the Republican or Democratic Party (Maggs, 2002).

Increasing globalization of the U.S. economy rekindled interest in training assistance by reestablishing the old bargain of protecting victims of international trade (Maggs, 2002). Congress passed The Trade Adjustment and Assistance Reform Act of 2002 (P.L. 107-210, TAA) which granted "trade promotion authority" to the President and expanded preferential trade arrangements to Mexico and Canada under NAFTA for Andean, Caribbean and Central American, and African countries (Bown & McCulloch, 2005). TAA integrated NAFTA-TAA into the main TAA program, expanded eligibility to additional groups of workers, increased benefits available, and added a health insurance tax credit. The program cooperated with One-Stop centers in every state and was broadened to cover "trade affected" workers, defined as those who lost their jobs because of increased imports or shifts in production out of the U.S.A. Included for the first time were "adversely affected secondary workers," defined as workers at firms affected indirectly by the reduced output or exit of directly trade-impacted firms. Service workers, however, were excluded from trade adjustment assistance. Provisions were made for farmers and fishers for whom trade assistance was tied to a drop in market price rather than job loss. TAA also introduced the Alternative Trade Adjustment Assistance (ATTA) for older workers and signified a major departure from TEA by tying cash benefits to a speedy return to work. Eligible workers finding employment within 26 weeks of layoff were provided up to 50% of the full-time salary gap between the old and new job for a 2-year period. Total payments, however, were limited to $10,000 over 2 years, and workers earning over $50,000 in a new job were not covered (CRS, 2002).

The unraveling of the financial sector in the U.S.A. during the latter years of the G.H.W. Bush administration and the onset of the Barak Obama administration prompted Congress to pass The ARRA of 2009 (P.L. 111-5). Implementation of ARRA and related proposals during the Obama administration, such as the American Graduation Initiative (AGI) is more extensively examined in Chap. 10, the final chapter of the book. The following two chapters present original research on education and training experiences in two cohorts of youth in the U.S.A. gleaned from the National Longitudinal Survey of Youth, the 1979 cohort (NLSY79), the subject of Chap. 8, and the 1997 cohort (NLSY97), the subject of Chap. 9.

7.4 Summary

This chapter traced the development of employment, education, and job training programs as antipoverty strategies in the 1960s to increased workforce competitiveness initiatives in the present. It showed how enhancing human capital so individuals seeking employment can better position themselves in a variety of labor market circumstances eclipsed antipoverty as the primary aim of government employment and training policies. Earlier job-training initiatives aimed at low-income persons and their families included MDTA, CETA, and JTPA, in addition to youth-targeted programs, such as Job Corps and YIEPP. The chapter highlighted results of studies showing the limits and effects of these programs, primarily on wages and earning capacity, with mixed results overall, calling into question purported program benefits. The chapter also discussed the economic imperatives behind workforce development initiatives which targeted broader segments of the working population beyond low-income persons and their families. Such education and training initiatives, embedded in legislation aimed at increasing the U.S. competitiveness in an increasingly globalized economy, included EDWAA, STWOA, WIA, and TAA.

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Chapter 8
An Outcome Study: NLSY79

8.1 Overview

Relying on NLSY79 respondents who participated in every survey year between 1979 and 2006, this chapter explores the educational and economic outcomes of maturing youth who enrolled in any one of several government training programs through 1986. Government training programs included apprenticeship, Comprehensive Employment and Training Act (CETA), Job Corps, Manpower Development and Training Act (MDTA), Opportunities Industrial Centers (OIC), Service Employment Redevelopment (SER), Jobs for Progress, Urban League, Vocational Rehabilitation, among others. The chapter also compares the educational and economic outcomes of these government-sponsored training program enrollees, who were primarily from low-income families, to those who participated in more traditional school-related vocational education programs over the same period as well as those who participated in neither of these two major types of job training initiatives. Outcome measures including highest grade completed, number of years of schooling, family income, hours worked per week, and individual wages are examined from 1988 by which time the vast majority of the cohort had completed most if not all of their formal education, through 2006, the most recent year of available NLSY79 data at the time of the study.

This chapter focuses exclusively on the NLSY79 because job training programs such as MDTA, CETA, and Job Training and Partnership Act (JTPA) had expired and/or had become or were becoming unavailable to maturing youth in the NLSY97 cohort. Additionally, legislation in the 1990s and afterward affecting both cohorts did so at different age spans over their respective life courses: The NLSY79 cohort had completed most of its formal education and was entering its prime working years in the late 1990s and early 2000s, whereas the NLSY97 cohort, upon which the research in Chap. 9 relies, still had years of schooling ahead and benefitted from a broader array of vocational education and school-to-work programs than was available to the NLSY79 cohort: The School-to-Work Opportunities Act of 1994 and the Workforce Investment Act of 1998 (WIA) enacted during the Clinton administration, the Trade Adjustment and Assistance Reform Act of 2002 enacted during the G. W. Bush administration, among others.

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This chapter proceeds in Sect. 8.2 with a presentation of vocational education in secondary and postsecondary schooling in USA in the 1980s through the early 2000s. Section 8.3 discusses information about government training programs and vocational education gathered in the NLSY79 through the mid-1980s. Section 8.4 highlights enrollment in government and other training programs, also gleaned from the NLSY79, from 1988 through 2006. Section 8.5 presents the research questions, methods, and measures of this chapter's outcome study. Section 8.6 presents study findings and concludes the chapter with a discussion of implications that shapes the research presented in Chap. 9 which uses the NLSY97.

8.2 Vocational Education in Secondary and Postsecondary Schooling in USA

8.2.1 Vocational Education in High Schools in the 1980s and 1990s

During the 1980s, enrollment in vocational education classes was fairly commonplace among high school students. In the graduating class of 1987, for example, 98% of all public high school graduates completed at least one such course during their high school careers (Hoachandler, Kaufman, Levesque, & Houser, 1992). A sizable majority of these graduates (88.8%) completed at least one vocational education course in specific labor market preparation and more than three-fourths (78.5%) completed one or more courses in general labor market preparation. Almost half (47.1%) enrolled in consumer and homemaking classes. Participation in vocational education classes was distributed roughly equitably by race/ethnicity, with White students enrolling in such classes in slightly greater proportions than minority students. Among 1987 high school graduates, for example, 15% of White students earned eight or more units in vocational education compared to 11% of Black students and 9% of Hispanic students.

Despite being commonplace, taking vocational courses in high school declined in the 1980s through the 1990s. In 1982, high school students completed an average of 4.7 such units (vocational education courses that met 1 period per day for 1 year) compared to 4.0 in 1998, while that of academic courses increased, from 14.3 to 18.3, respectively (Hurst & Hudson, 2000). This overall decline was due primarily to declines in the two largest vocational areas: (a) trade and industry and (b) business: 14.8% of public high school graduates had concentrations in trade and industry in 1982 compared to 9.8% in 1998; and 11.6% had concentrations in business compared to 4.8% in 1998. Increases, however, occurred in the percentage of students with concentrations in health (0.6% vs. 1.9%) and in technology and communications (0.5% vs. 2.2%). Such changes in high school vocational course taking accompanied similar changes in the number of jobs in specific occupations. Trade and industry and business both experienced below-average growth rates between 1983 and 1996, while occupational groups for health services, technicians and related support, child care workers, and food services all experienced above-average growth rates.

About 62% of 1982 public high school graduates attended at least one postsecondary institution by 1984, with 26% of them attending 4-year public college institutions, the most frequently attended type, and 23% attending 2-year public colleges. Most of the remainder enrolled in either 4-year private colleges or less than 2-year institutions (Hoachandler et al., 1992). Although the number of completed vocational educational units in high school was inversely related to the likelihood of attending a postsecondary institution in general, students who concentrated in vocational education in high school were more likely to attend a less than 2-year institution. Of those not enrolled in postsecondary education 6 months after graduation, 43% were working full-time, 18% part-time, 10% were unemployed, and 29% had no labor force attachment. There was a positive relationship between vocational education units taken and likelihood of full-time employment: 50% of those with eight or more such units had full-time employment compared to 34% of those with up to 1.99 such units. No relationship was found between number of vocational education units and full-time wages earned by graduates.

8.2.2 Vocational Education and Postsecondary Schooling in the 1980s and 1990s

Postsecondary level vocational education consists of programs that prepare students for paid or unpaid employment requiring other than a baccalaureate or advanced degree, usually a 2-year associate's degree or certificate in a program lasting less than 2 years (Hoachandler et al., 1992). Most postsecondary vocational education throughout the 1980s and 1990s was provided in community colleges and other 2-year institutions, although some 4-year colleges and universities also offered certificates and associate's degrees in vocational education. In 1989, 7,774 postsecondary institutions offered vocational education, with the majority (5,333) in private proprietary schools. In addition, 1,088 public 2-year institutions, 756 private nonprofit less than 4-year institutions, 315 4-year institutions, and 282 public vocational technical institutes offered vocational education programs. Size of such institutions varied considerably and the number of students served bore no relationship to the number of such schools.

In October 1990, 6% of those in the US population aged 18–34 years took vocational education courses at the postsecondary level. Of these students, 43% (3% of all 18–34-year olds) took such courses in public 2-year colleges; 19% in vocational, trade, or business schools; 10% in 4-year colleges; and 5% took courses provided directly by employers. Forty-seven percent of postsecondary vocational students aged 18–34 years were employed full-time, with an additional 31% unemployed (but looking for work) or with no labor force attachment.

Of 1980 high school seniors taking at least one vocational education course in pubic 2-year institutions in 1984, nearly half (48.8%) had taken a business course, nearly one-quarter (24.9%) in computers/data processing, nearly one-fifth (18.6%) in home economics, followed by trade and industry (13.2%), and health (11.4%). At public 2-year institutions, differences in vocational education course taking were found by gender. In general, males were more likely than females to take vocational courses (83% vs. 75%). Females were more likely than males to take courses in health and home economics; males more likely than females to take courses in computers/data processing, trade, and industry.

8.3 NLSY79 Government Training and Jobs Programs, 1979–1987

8.3.1 Overview

The Employment and Training Administration of the U.S. Department of Labor funded the 1979–1986 rounds of the NLSY79, with a concern for the efficacy of various federally funded employment and training programs in helping youth to acquire skills and secure employment. Information about participation in civilian, government-sponsored jobs and training programs from 1979 through the mid-1980s was collected for NLSY79 respondents. Data collection between 1979 and 1986 was limited to only training programs in which respondents had been enrolled for 1 month or more. An "On Jobs" section of the 1979–1987 questionnaires collected information on all jobs held by the respondent, including but not limited to government-sponsored jobs. The 1979–1986 "Government Training" sections asked those respondents not enrolled in school for information on other government training programs in which they had enrolled and which were not reported in the "On Jobs" section. Beginning in 1988, government sponsorship of a training program was incorporated within the regularly asked "Other Training" section of the questionnaire. Related information was found at http://www.nlsinfo.org/nlsy79/docs/79html/79text/front.htm, the *NLSY79 User's Guide* URL location, and related links.

8.3.1.1 "On Jobs" Section of the 1979–1987 Questionnaires

For each job identified as a government job in the "On Jobs" section of the questionnaires, information was gathered from respondents on (a) the names of the government-operated jobs programs (e.g., CETA, Job Opportunities and Basic Skills Training Program, Job Corps, MDTA, or Public Service Employment (PSE), Work Incentive Program or WIN, Youth Incentive Entitlement Pilot Project or YIEPP); (b) the reason the respondent enrolled in the program; (c) the kinds of services provided (job counseling, General Education Development (GED) degree preparation, on-the-job training (OJT), classroom training for basic skills, or occupational skills training; (d) whether the respondent had been placed in either subsidized or unsubsidized employment; (e) the types of supportive services such as child care or health care; and (f) the respondent's attitude toward the program (very tough to very easy). In the 1979 survey, respondents 16 years of age and older were asked about their participation in a government-sponsored, in-school, or summer jobs program prior to January 1978. Collection of specific information about government jobs ceased with the 1988 survey.

8.3.1.2 The 1979–1986 "Government Training" Sections

The 1979–1986 "Government Training" sections collected two additional sets of information. First, during the 1979 survey, retrospective information on up to five government-sponsored training programs in which respondents were enrolled prior to January 1, 1978, was collected. Program names were included: MDTA/CETA/JTPA, Job Corps, Research Triangle Park (RTP) Apprenticeship Program, Urban League, Vocational Rehabilitation, among others. Whether the respondent completed the program also was gathered. Second, information on up to two government-sponsored programs in which a respondent was enrolled since 1978 or since the last interview was collected during the 1979–1986 interviews. This series of questions was restricted during the 1979–1983 interviews to respondents who were not enrolled in regular schooling (grades 1–12). Names of programs and types of services were collected.

Questions about government-sponsored training programs were significantly curtailed in the 1987 survey. A single question was asked of all respondents whether they had received training or assistance from any (nonspecified) government program.

8.3.1.3 NLSY79 Descriptive Information About Enrollment in Government Training and Jobs Programs, 1979–1986

Approximately 1,100 respondents enrolled in one or more training programs in any given year between January 1, 1978 and 1986 based on type of school (e.g., business college/school, nursing program, and vocational-technical institute), almost evenly split between men and women. More men than women, however, enrolled in vocational or technical institutes, overall the most popular site of training programs, ranging from a low of 177 males and 100 females in 1985 to highs of 190 and 129, respectively, in 1980. In any given year, more men than women enrolled in company training programs, the second most popular site, ranging from a low of 69 men and 39 women between January 1, 1979 and time of first interview in 1979 and a high of 189 and 134, respectively, in 1986. There were less than 50 enrollees in apprenticeship programs in any given year over this period, with males ranging from a low of 20 in 1984 to a high of 38 between January 1, 1979 and time of first interview in 1979, and women ranging from a low of 3 in 1983 to a high of

9 between January 1, 1979 and time of first interview in 1979, and again in 1982 and 1985. Women outnumbered men enrollees in training programs at business colleges/schools, ranging from a low of 35 compared to 15 men in 1984 to a high of 71 vs. 18 in 1980. More women than men enrolled in barber/beauty schools and nursing programs in any given year, overwhelmingly so at nearly 4 to 1 margins, whereas more men than women enrolled in correspondence courses.

8.4 NLSY79 Enrollment in Government and Other Training Programs, 1988–2006

8.4.1 Overview

Beginning in 1988, government sponsorship of a training program was incorporated within regularly asked "Other Training" questions. The 1988–1992 series of questions dropped the 1 month training duration limitation, as well as some of the provider types, such as barber/beauty school, flight school, and nursing program that had been coding categories since 1979. All respondents continued to be asked for information on multiple training programs in which they were enrolled since the date of last interview. Questions differentiated where respondents received their training (e.g., in a business school, through an apprenticeship program, or a vocational institute) and on who or what organization paid for the training program (e.g., self, family, employer, JTPA, Trade Adjustment and Assistance (TAA), Job Corps, the Veterans Administration, Vocational Rehabilitation). Type of training (e.g., occupational skills, OJT, classroom training for basic skills, job search, or work experience) was also collected. This series of questions incorporated government-sponsored and nongovernment items. Beginning in 1990, two questions were added on the relationship of each training program (up to four) to the respondent's promotion possibilities: was the training necessary to get a promotion, and did it assist the respondent in obtaining a promotion? Beginning in 1991, information was again collected on the primary reason the respondent enrolled in the program, a question that had been removed after 1984, and whether a guaranteed student loan was used in paying for the training. The distinction between types of training or types of providers or servers was not clear-cut. For example, the training category "OJT" could have referred to (a) type of vocational/technical program, (b) service provided in conjunction with either a government job or a government training program, or (c) type of training for a military job.

8.4.2 NLSY79 Descriptive Information About Training Enrollment Between 1988 and 2006

An average of 1,300 respondents enrolled in one or more training programs in any given survey year between 1989 and 2006, with men's enrollment outnumbering women's between 1989 and 1992, and women's outnumbering men's from 1993 onward. Overall, company training was the most popular site based on type of school enrollment, averaging 624 respondents per survey year, with more men than women enrolling from 1989 through 1998, and more women than men from 2000 through 2006. Vocational or technical institutes averaged 106 respondents per year, with no clear preference pattern by gender. Comparatively, enrollments in apprenticeships, business college/schools, and correspondence courses were much smaller, averaging 22, 28, and 20, respectively.

Despite attrition from one survey year to the next, respondent participation fluctuated by types of services provided between 1988 and 1994 when such information was obtained. Job skill classroom training had the greatest participation among types of services provided between 1988 and 1994, declining from a high of 1,374 participants in 1998 to a low of 853 in 1992, with an increase to 1,000 in 1993, and then decreasing to 956 in 1994. Men and women were evenly distributed as job skill classroom training participants, sharing equally in the fluctuations. The total number of respondents who participated in OJT, the second most popular type of training, declined in absolute numbers, from 538 in 1988 to 268 in 1994, a 50% decline vis-à-vis a 26.9% decline due to attrition in the population sample, from $N=10{,}465$ in 1988 to $N=7{,}654$ in 2006. The total number of recipients who participated in basic skills training, the third most popular type of training, declined by 86.1% from 338 to 47, with men and women sharing equally. Other less popular types of services, such as job search and work experience, neither of which was directly related to skill enhancement per se, also declined, 71.8% from 103 to 29 and 56.6% from 189 to 82, respectively.

8.5 Study Questions and Methods

8.5.1 Overview

This section relies on the NLSY79 to explore the educational and economic outcomes of maturing youth who enrolled in any one of several government training programs and other vocational education programs through 1986. Government training programs included apprenticeship, CETA, Job Corps, MDTA training, OIC, SER, Jobs for Progress, Urban League, and Vocational Rehabilitation, among others. This study compares the educational and economic outcomes of enrollees in government-sponsored training program, designed primarily for low-income individuals, to those who participated in more traditional school-related vocational education programs as well as those who participated in neither of these two major types of job training initiatives. Outcome measures included (a) highest grade completed, (b) number of years of schooling, (c) family income, (d) hours worked per week, and (f) individual wages. They are examined from 1988 by which time the vast majority of the cohort had completed most if not all of their formal education, through 2006, the most recent year of available NLSY79 data at the time of this study.

The study in this chapter focuses exclusively on the NLSY79 because job training programs such as MDTA, CETA, and JTPA had expired and/or had become or were becoming unavailable to maturing youth in the NLSY97 cohort, which the research in Chap. 9 uses. Additionally, legislation in the 1990s and afterward affecting both cohorts did so at different age spans during their respective life courses. The NLSY79 cohort had completed most of its formal education and was entering its prime working years in the late 1990s and early 2000s, whereas the NLSY97 cohort still had years of schooling ahead and benefitted from a broader array of vocational education and school-to-work programs than was available to the NLSY79 cohort. These included the School-to-Work Opportunities Act of 1994 and the WIA of 1998 enacted during the Clinton administration, the Trade Adjustment and Assistance Reform Act of 2002 enacted during the G. W. Bush administration, among others.

8.5.2 Study Questions

The study reported in this chapter sought to answer the following questions about those who were found among the older cohort in Chap. 4 to be ever Earned Income Tax Credit (EITC)-eligible persons and their families between 2000 and 2006:

1. How pervasive was government job training and vocational/technical education program participation among these ever EITC-eligible persons during late adolescence and young adulthood in the first half of the 1980s?
2. What types of services did these ever EITC-eligible government job training and vocational/technical education program participants receive?
3. To what extent did ever EITC-eligible enrollees in government job training and vocational/technical education programs rely on government grants and loans?
4. What were the main reasons ever EITC-eligible persons enrolled in government job training and vocational/technical education programs?
5. What background characteristics (for example, age, early socioeconomic status (SES), race/ethnicity, and sex) distinguished these ever EITC-eligible enrollees in government job training and vocational/technical education programs from nonparticipants?
6. To what extent did these ever EITC-eligible enrollees in government job training and vocational/technical education programs fare better on outcome measures of economic well-being and human capital, and on EITC eligibility and use?
7. To what extent did government job training and vocational/technical education program participation among these ever EITC-eligible persons add to the explanatory power or predictive capacity of economic well-being and human capital, and on the extent of EITC eligibility and use beyond that of background characteristics, when controlling for a variety of other factors?

8.5.3 Study Methods

8.5.3.1 Data and Sample

Data for this chapter came from the NLSY79, which was fully described in Chap. 6, Sect. 6.3.1.1., to which readers are referred for details. The NLSY79 was deemed particularly suitable for the study in this chapter because respondents comprised one of the last cohorts of youth in USA from whom an array of Federal job training program participation data was collected over time. The panel and longitudinal nature of the NLSY79 afforded an opportunity to assess cumulative economic and other measures of well-being more than a decade or so afterwards for the same respondents who had participated in Federal job training programs during their early adolescent years compared to those who did not and/or enrolled in more traditional vocational education programs. During the earlier years of data collection from 1979 through the mid-1980s, NLSY79 respondents were sufficiently young to take advantage of Federal job training programs that, unbeknownst at that time, were to be surpassed by changes in policy that placed a premium on vocational education through primarily secondary and postsecondary educational institutions as well as on adult learning and adult learners in response to an increasingly globalized economy as detailed in Chap. 7. Additionally, given the focus of this entire volume on labor force attachment and use of government programs among low-income persons and their families, reliance on the NLSY79 made it possible to link enrollment in Federal job training programs with later participation in the EITC program.

The study sample ($N=2{,}231$) included NLSY79 respondents who participated in each survey year between 1979, the first year of data collection, and 2006, the most recent year of available data at the time, and about whom all other information, except as noted, was available. A weight measure customized for those who participated in every survey year was used.

8.5.3.2 Measures

The main independent measure of concern, Job Training Program Participation Status (JTPPS), was derived from a series of questions, as indicated in Sect. 8.3, about enrollment in government-operated jobs programs (such as CETA, JOBS, Job Corps, MDTA, or PSE) and from another series of questions about enrollment in training programs based on type of school which provided the training (such as business college/school, nursing program, and vocational-technical institute). JTPPS comprised four mutually exclusive categories of respondents: (a) those who reported they participated in government-operated jobs programs only (G-P Only), (b) those in school-sponsored training programs only (School Only), (c) those who participated in both government-operated jobs training programs and school-sponsored training programs (G-P-S), and (d) those who participated in neither (Neither).

For purposes of regression analysis described in Sect. 8.5.3.3, dummy measures were created for each of the categories, with "Neither" serving as the reference category.

There were three major categories of outcome measures: (a) economic well-being, (b) human capital, and (c) EITC related. Measures of economic well-being included wage and family income, each calculated as annual averages between 1988 and 2006. Annual wages were inflation adjusted and signified 2009 US dollars. Annual averages were calculated on the basis of actual number of years respondents reported wage-related income. Annual family income was expressed as income-to-poverty ratios (IPR) based on annual Federal poverty levels for families of varying size, as previously detailed in Chap. 6, Sect. 6.3.2.1. Measures of human capital included labor force attachment, additional schooling, and additional job training, each calculated as an annual average between 1988 and 2006. Additional schooling signified the average number of years respondents reported that they were enrolled at the time of survey. Wage income, labor force attachment or weeks worked, and additional schooling represented economic and human capital returns to respondents resulting from individual efforts. On the contrary, family income, albeit in part influenced by the other three measures, signified a more general measure of well-being.

The use of average economic and human capital outcome measures moderated the variability associated with repeated measures of individual income, labor force attachment, and schooling, as well as family income. Respondents who reported no income from either work or family members over the entire period between 1988 and 2006 were assigned the nominal income amount of $1.00 respectfully to allow determination of averages since division by 0 is not possible. Those who reported no labor force attachment over the entire period between 1988 and 2006 were assigned the nominal value of 0.5 weeks worked also to allow for determination of average between 1988 and 2006.

There were two cumulative EITC-related outcome measures, data for each that was obtained biannually between 2000 and 2006: (a) number of years respondents were eligible for the EITC and (b) number of years respondents filed for the EITC. These were the same measures detailed in Chap. 6, Sect. 6.3.2.1.

Other study measures, most of which are self-explanatory, included respondent's age, race/ethnicity, sex, SES in 1979, number of years of vocational technical training between 1988 and 2006, region of residence in 2006, urban residence in 2006, and marital status in 2006. Dummy measures were created for SES in 1979 so that respondents fell into one of three categories as detailed in Chap. 6, Sect. 6.3.2.1: (a) IPR ≤ 1 = poor; (b) >1 IPR ≤ 2 = near poor; and (c) IPR > 2 = affluent. Number of children respondents ever had through 1986 referred only to their biological children. Years of schooling signified enrollment in school at the time of survey. Number of years of vocational technical training between 1988 and 2006 included training from any source or sponsor as detailed above in Sect. 8.4.1. Region of residence and urban residence were the same as detailed in Chap. 6, Sect. 6.3.2.1. Dummy measures were created for marital status in 2006, signifying whether a respondent (a) had never married (the referent category), (b) was married at the time of survey, or (c) was divorced, separated, or widowed.

8.5.3.3 Procedures

Bivariate relations were tested between the main independent measure of concern, JTPPS, and each dependent measure of economic well-being (average family income and average wage income), human capital (average number of years of additional schooling and average number of weeks worked), and EITC related (number of years EITC eligible and number of years EITC received). JTPPS was also tested for relationships with background sociodemographic characteristics including age, race/ethnicity, sex, and SES in 1979. ANOVA and Chi-square statistics were used to assess these bivariate relationships. Percentage distributions among nominal level measures (JTPPS, race/ethnicity, and sex) were based on a weighted measure customized for those who participated in every survey year between 1997 and 2006 .

Hierarchical ordinary least squares (OLS) regression procedures were used to determine the predictive capacity of JTPPS for each dependent measure with which it was found to have a significant bivariate relationship. For each such outcome measure, the 1979 background measures found in the bivariate analyses to be significantly correlated were regressed as the first block and comprised Model A. The dummy JTPPS measures were entered as the second block and comprised Model B. As noted above, the category of "Neither" served as the referent. Finally, the remaining control measures were entered as the third block and comprised Model C.

8.6 Findings and Implications

8.6.1 Findings

8.6.1.1 Descriptive Statistics

More than one-fifth (21.1%, weighted) of ever EITC-eligible respondents in the study sample (N=2,231) enrolled only in school-sponsored training programs (School Only) between 1979 and 1986 compared to 3.3% who enrolled only in government-operated job training programs (G-P Only). An additional 5.5% enrolled in both types of training programs. Nearly three-fourths (71.4%) enrolled in neither type of training program between 1979 and 1986. A substantial majority (70.3%) of those who enrolled in any type of training program between 1979 and 1986 enrolled in only one program, while one-fifth (20.1%) enrolled in two training programs and nearly one-tenth (8.0%) enrolled in three, with the remainder enrolled in four training programs.

Among those in the study sample who enrolled in government job training programs, substantial majorities reported they received job counseling services (94%), skills services (92.6%), and classroom services (78.9%); more than half reported receiving OJT services (58%), GED preparation services (56.3%), and transportation services (53.4%); nearly half received meals (43.8%); about one-third received college preparation (36.7%), health care (33.4%), and lodging (31.3%); and about one-fourth reported child care services (25%) and English as a second language (22.1%) services.

Among those in the study sample who enrolled in school-sponsored vocational technical training programs between 1979 and 1986, half (50.1%) attended vocational technical institutes; nearly one quarter (22.1%) attended company training; and less than one quarter enrolled in business colleges or schools (13.9%), apprenticeships (10.7%), nursing schools (6.5%), correspondence schools (6.2%), beauty/barber schools (5.9%), and flight schools (2%). Each participant in school-sponsored vocational technical training programs reported receiving a government grant for the training and one-fourth (25.1%) were recipients of government loans between 1981 and 1984 when this information was obtained. More than a third (37.8%) of the respondents reported "interesting program" as the main reason they enrolled in the vocational training program between 1982 and 1984 when this information was obtained; one-fifth (21.4%) reported "job-related" or high pay (17.3%) as the main reason.

8.6.1.2 Bivariate Statistics

As Table 8.1 shows, distributional differences by JTPPS were found for race/ethnicity, SES in 1979, marital status in 2006, and region of residence in 2006.

Non-Hispanic Whites (22.6%) were more likely to enroll in school-related vocational training programs only (School Only) than Hispanics (14.1%) or non-Hispanic Blacks (13.0%). Non-Hispanic Blacks (12.6%), however, were more likely to enroll in both Government-operated only (G-P) and School-Only programs than Hispanics (6.3%) or non-Hispanic Whites (3.0%). Both Blacks (5.4%) and Hispanics (4.5%) were more likely to enroll only in G-P programs than Whites (2.6%). Those who resided in poor (6.1% and 8.8%) or near-poor (4.0% and 5.9%) families in 1979 were more likely than those who resided in affluent families (1.9% and 3.4%) to enroll only in G-P programs or in both types (G-P-S) of training programs, respectively. Those from affluent families (23.6%) were more likely to enroll in School-Only programs compared to those from near-poor families (17.6%) or poor families (14.4%). Those who never married in 2006 (10.3%) were more likely to enroll in both types of training programs (G-P-S) than those who were divorced/separated/widowed (5.6%) or married (3.5%). Those who resided in the Northeast (5.8%) or in the West (5.3%) in 2006 were more likely to have enrolled only in G-P programs than those who resided in North Central (2.6%) or the South (2.1%). Although not statistically significant at the 0.05 level, those who ever filed for the EITC between 2000 and 2005 (59.4%) were more likely to enroll in both types of training programs (G-P-S) than EITC-eligible respondents who never did (40.6%, $p<.10$). Males and females were about as equally likely to enroll in each program or both programs, as well as neither program, with a maximum of 4 percentage points differentiating male

Table 8.1 Sample characteristics: nominal level measures by job training program participation status (% weighted, $N=2{,}231$)

Characteristics	Job training program participation status			
	G-P only ($n=87$)	School only ($n=382$)	G-P-S ($n=160$)	Neither ($n=1{,}602$)
Background				
Race/ethnicity	$\chi^2=85.31$, $p<.001$[a]			
Black (non-Hispanic)	05.4	13.0	12.6	69.0
Hispanic	04.5	14.1	06.3	75.1
White (non-Hispanic)	02.6	22.6	03.0	71.7
Sex	$\chi^2=2.59$, $p=$ns			
Female	03.6	18.3	05.1	73.0
Male	02.9	22.5	05.3	69.3
SES in 1979	$\chi^2=39.11$, $p<.001$			
Poor (IPR ≤ 1)	06.1	14.4	08.8	70.7
Near poor (1 > IPR ≤ 2)	04.0	17.6	05.9	72.6
Affluent (IPR > 2)	01.9	23.6	03.4	71.0
Other				
EITC filer	$\chi^2=6.81$, $p=$ns			
No	52.1	53.8	40.6	50.6
Yes	47.9	46.2	59.4	49.4
Marital status in 2006	$\chi^2=26.92$, $p<.001$			
Married	02.9	20.4	03.5	73.2
Never married	04.4	21.0	10.3	64.4
Divorced/separated/widowed	03.5	19.1	05.6	71.8
Region of residence in 2006	$\chi^2=17.09$, $p<.05$			
Northeast	05.8	16.8	04.8	72.7
North Central	02.6	21.0	05.0	71.3
South	02.1	18.7	05.8	73.4
West	05.3	23.9	04.5	66.4

ns not significant

Note. [a] Chi-square and *p*-values are based on distributions of unweighted data

enrollment in School-Only programs (22.5%) and enrollment in Neither (69.3%) from that of females (18.3% and 73.0%, respectively).

Table 8.2 shows that significant differences of ordinal level measures by JTPPS were found for both outcome measures of economic well-being, for two of the three human capital measures (additional training and labor force attachment), and for both EITC-related measures.

In regard to economic well-being, the average annual wage of $26,464 between 1988 and 2006 of those who enrolled only in school-sponsored programs was significantly higher than that of any others ($F=9.72$, $p<.001$), and as was their average annual family IPR of 3.08, except for the 2.79 IPR of those who had enrolled in no job training programs ($F=8.55$, $p<.001$). In regard to human capital, the 1.98 years

Table 8.2 Sample characteristics: ordinal level measures by job training program participation status (% weighted, $N=2{,}231$)[a]

Measures	G-P only ($n=87$) 1	School only ($n=382$) 2	G-P-S ($n=160$) 3	Neither ($n=1{,}602$) 4	F value	p value	Post hoc[b]
Outcomes							
Economic well-being							
Average annual family income (IPR)	2.31 (1.73)	3.08 (2.35)	2.02 (1.24)	2.79 (2.50)	8.55	***	2, 4>3; 2>1
Average annual wage income (2009$$)	19,904 (11,660)	26,464 (18,900)	17,850 (12,241)	23,444 (18,896)	9.72	***	2>4>1, 3
Human capital							
Additional training (average number of years)	1.29 (1.44)	1.89 (2.02)	1.98 (1.90)	1.50 (1.77)	8.04	***	3, 2>1; 3>4, 1
Additional schooling (average number of years)	0.59 (01.04)	0.48 (01.01)	0.36 (00.78)	0.47 (00.99)	1.06	ns	
Labor force attachment (average number of weeks worked)	34.80 (13.14)	39.23 (12.88)	33.96 (14.52)	37.73 (13.56)	7.04	***	2, 4>3; 2>1
EITC related							
Number of years EITC eligible	2.33 (1.16)	1.97 (01.06)	2.46 (1.16)	2.21 (1.14)	8.60	***	3>4>2; 1>2; 1, 4
Number of years filed for EITC	1.03 (1.09)	0.92 (1.13)	1.33 (1.38)	1.06 (1.22)	4.45	**	3>2; 3, 4, 1, 2

Controls							
Age	45.69 (1.81)	45.14 (2.01)	44.71 (2.14)	44.49 (2.30)	15.29	***	1, 2>4; 1>3, 4
Number of children through 1986	1.37 (1.22)	0.92 (1.08)	1.06 (1.11)	1.03 (1.12)	3.86	ns	
Number of years of schooling between 1979 and 1986	1.00 (1.66)	1.88 (1.95)	1.88 (1.91)	2.39 (2.31)	16.37	***	4>2, 3>1
Others							
Highest grade completed 1988	11.77 (1.81)	12.54 (1.51)	12.02 (1.46)	12.16 (2.09)	5.95	***	2>4, 3, 1
Highest grade completed 2006	12.36 (2.15)	13.01 (1.79)	12.38 (1.53)	12.63 (2.24)	5.20	**	2>4, 3, 1

ns not significant

$^{**}p<.01$; $^{***}p<.001$

Note. [a]Values are expressed as mean (SD)

[b]Post hoc tests are statistically significant at the 0.05 level

of additional vocational/technical training between 1988 and 2006 of those who enrolled in both government job training and school-sponsored training programs between 1979 and 1986 were more than that of any others, except for the 1.89 of those who enrolled only in school-sponsored programs ($F = 8.04$, $p < .001$); and the 39.23 average number of annual weeks worked between 1988 and 2006 of those who enrolled only in school-sponsored programs was also greater than that of any others, except for the 37.73 of those who enrolled in no job training programs ($F = 7.04$, $p < .001$). In regard to EITC-related measures, the 2.46 average number of years of EITC eligibility between 2000 and 2006 of those who enrolled in both government job training and school-sponsored training programs between 1979 and 1986 was more than that of all others except for the 2.23 years of those who enrolled only in government job training programs, which in turn were more than the 1.97 years for those who enrolled only in school-sponsored programs ($F = 8.60$, $p < .001$). The 1.33 average number of years filing for the EITC of those who enrolled in both government job training and school-sponsored training programs was more than the 0.92 years of those who enrolled only in school-sponsored programs ($F = 4.45$, $p < .01$).

Table 8.2 shows that significant differences of ordinal level measures by JTPPS were also found for age and number of years of school enrollment between 1979 and 1986 and for the highest grade completed in 1988 and in 2006. Those who enrolled only in government jobs training programs at 45.7 years of age in 2006 were older than others, except for those who enrolled only in school-sponsored programs who were 45.1 years old ($F = 15.29$, $p < .001$). The 2.39 average number of years of enrolling in school between 1979 and 1986 of those who did not participate in any job training programs was greater than that of all others ($F = 16.37$, $p < .001$). The 12.5 and 13.0 years of completed education by 1988 and 2006, respectively, of those who enrolled only in school-sponsored programs were higher than that of any others ($F = 5.95$, $p < .001$ and $F = 5.20$, $p < .01$).

8.6.1.3 Regression Statistics

As reported in Sect. 8.6.1.2, JTPPS was found to be correlated with six of the seven study outcome measures: (a) the two of the economic well-being measures, (b) two of three human capital measures (additional training and labor force attachment), and (c) the two EITC-related measures. Since no relationship was found between JTPPS and additional schooling between 1988 and 2006, no further analysis of this outcome measure was warranted, although it was used as a control measure in the regression models for each of the other five outcome measures, the results of which are reported in the following.

Economic Well-Being

As can be seen in Tables 8.3 and 8.4, JTPPS, particularly participation in both government and school-sponsored programs, was a robust predictor of the two

Table 8.3 OLS regression statistics: average annual family income expressed as income-to-poverty ratios (IPR)

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Background (1979)												
Age	.056	.021	.053	**	.057	.022	.054	**	.050	.021	.047	**
Race/ethnicity[a]												
Black non-Hispanic	–.830	.115	–.168	***	–.784	.116	–.159	***	–.762	.123	–.154	***
Hispanic	–.665	.144	–.102	***	–.641	.145	–.098	***	–.799	.148	–.122	***
SES[b]												
Poor	–1.17	.128	–.225	***	–1.16	.128	–.223	***	–1.01	.125	–.193	***
Near-poor	–.784	.119	–.151	***	–.780	.119	–.150	***	–.684	.116	–.132	***
Sex (1 = male)	.383	.099	.078	***	.377	.099	.076	***	.372	.096	.076	***
Job training program participation status (JTPPS)[c]												
Government only					–.204	.251	–.016	ns	–.273	.244	–.022	ns
School-sponsored only					.055	.130	.009	ns	.013	.126	.002	ns
Both (G-P-S)					–.452	.190	–.049	*	–.467	.184	–.050	*
Controls (1988–2006)												
Number of years additional voc/tech education									.175	.026	.134	***
Marital status[d]												
Married									.702	.132	.146	***
Region of residence[e]												
Northeast									.752	.158	.100	***
North Central									–.317	.122	–.056	**
Urban (1 = yes)									.533	.103	.106	***
F value	45.79***				31.32***				27.85***			
Adjusted R^2	.108				.109				.170			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p < .05$; **$p < .01$; ***$p < .001$

[a] The referent category for race/ethnicity is "White non-Hispanic"

[b] For SES in 1979, affluent

[c] For JTPPS, neither

[d] For marital status, never married

[e] For region of residence, south

Table 8.4 OLS regression statistics: average annual wage, inflation adjusted 2009US$$

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Background (1979)												
Age	504	159	.062	**	501	160	.062	**	439	153	.054	**
Race/ethnicity[a]												
Black non-Hispanic	−2,434	854	−.065	**	−1,951	863	−.052	*	−1,935	900	−.051	*
Hispanic									−2,287	1,083	−.046	*
SES[b]												
Poor	−8,348	950	−.210	***	−8,207	951	−.207	***	−6,640	915	−.167	***
Near-poor	−5,253	889	−.133	***	−5,176	888	−.131	***	−4,350	850	−.110	***
Sex (1 = male)	11,363	734	.303	***	11,292	733	.301	***	11,755	708	.313	***
Job training program participation status (JTPPS)[c]												
Government only					−1,965	1,868	−.021	ns	−2,379	1,789	−.025	ns
School-sponsored only					1,516	967	.031	ns	860	925	.018	ns
Both (G-P-S)					−3,996	1,409	−.057	**	−4,685	1,354	−.066	**
Controls (1988–2006)												
Number of years additional voc/tech education									2,176	191	.218	***

Marital status[d]												
Married									5,084	966	.139	***
Separated/divorced/ widowed									2,893	990	.075	**
Region of residence[e]												
Northeast									4,292	1,163	.075	***
North Central									−2,065	897	−.048	*
Urban (1 = yes)									4,232	753	.110	***
F value	65.34***				45.17***				39.93***			
Adjusted R^2	.148				.151				.229			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

$*p < .05$; $**p < .01$; $***p < .001$

[a] The referent category for race/ethnicity is White non-Hispanic

[b] For SES in 1979, affluent

[c] For JTPPS, neither

[d] For marital status, never married

[e] For region of residence, south

economic well-being outcome measures; namely, family income expressed as IPR and wages expressed in inflation adjusted 2009$$, when controlling for background and other characteristics.

As Model C in Table 8.3 shows, those who participated in government and school-sponsored job training programs lived in families whose income was about half an IPR unit lower (about $8,000 less) on average per year between 1988 and 2000 than those who did not participate in job training programs (**B** = −.467, $p < .05$). As Model C in Table 8.4 shows, those who participated in types of job training programs earned about $4,700 less in wages, on average, per year between 1988 and 2000 than those who did not participated in job training programs (**B** = −4,685, $p < .01$).

The relative contribution or predictive capacity of JTPPS, however, was rather modest for both family income ($\boldsymbol{\beta}$ = −.050) and individual wages ($\boldsymbol{\beta}$ = −.066). As Model B in Table 8.3 shows, the addition of JTPPS to the background characteristics increased the explanatory power of Model A negligibly. Model A accounted for 10.8% of the variability in family income, while Model B accounted for 10.9%. The most robust predictors of family income were living in a poor family in 1979 ($\boldsymbol{\beta}$ = −.193) and were Black non-Hispanic ($\boldsymbol{\beta}$ = −.154). Those who lived in poor families in 1979 had average annual incomes more than 1 IPR unit lower (about $17,800 less) than those who lived in affluent families in 1979 (**B** = −1.01, $p < .001$), and Black non-Hispanics lived in families nearly 1 IPR unit lower (about $13,100 less) on average per year than White non-Hispanics (**B** = −.762, $p < .001$). The most robust predictors of individual wages were being male ($\boldsymbol{\beta}$ = .313) and living in a poor family in 1979 ($\boldsymbol{\beta}$ = −.167). On average, men earned nearly $11,800 more per year between 1988 and 2006 than did women (**B** = −11,755, $p < .001$), and those who lived in poor families in 1979 earned nearly $7,000 less per year than those from more affluent families in 1979 (**B** = −6,640, $p < .001$). The relative importance and sizable difference between men's and women's earnings compared sharply with differences in family income attributed to gender (**B** = .372, $\boldsymbol{\beta}$ = .076, $p < .001$) (Table 8.3 Model C).

As can be seen in Table 8.3 Model C and in Table 8.4 Model C, respectively, the addition of all the control measures to the background characteristics and JTPPS produced a sizable increase in the explanatory power of Model B. In regard to family income, Model B accounted for 10.9% of the variability, while Model C accounted for 17.0%; in regard to wages, Model B accounted for 15.1% of the variability, while Model C accounted for 22.9%. Among control measures, marital status, particularly being married in 2006 vs. never having been married, was the most robust correlate of both family income ($\boldsymbol{\beta}$ = .146) and individual wages ($\boldsymbol{\beta}$ = .139). Those who were married in 2006 lived in families with nearly 1 IPR unit (about $19,800) higher than those who never married (**B** = .702, $p < .001$), and they earned on average $5,000 more a year between 1988 and 2006 (**B** = 5,084, $p < .001$).

Among control measures, region of residence and living in an urban area in 2006 were found to be significantly related to family income and wages. Compared to those living in the South, those living in the Northeast lived in families with higher levels of income, about \$13,800 more per year (**B** = .752, β = .100, p < .001), as shown in Table 8.3 Model C, and they also earned over \$4,000 more income per year (**B** = 4,292, β = .075, p < .001), as shown in Table 8.4 Model C. Likewise, compared to nonurban residents in 2006, urban residents lived in families with higher levels of income, about \$9,000 more per year (**B** = .533, β = .106, p < .001), as shown in Table 8.3 Model C, and they also earned nearly \$3,000 more income per year (**B** = 2,893, β = .075, p < .001), as shown in Table 8.4 Model C.

Human Capital

As can be seen in Tables 8.5 and 8.6, JTPPS was a robust predictor of the two human capital outcome measures; namely, additional vocational/technical training and labor force participation expressed as average number of weeks worked per year between 1988 and 2006, when controlling for background and other characteristics. In regard to additional vocational/technical training, as Model C in Table 8.5 shows, those who participated in both government and school-sponsored job training programs enrolled more than half a year on average between 1988 and 2000 than those who did not participate in job training programs (**B** = .520, p < .01), while those who enrolled only in school-sponsored programs did so for a third of a year longer (**B** = .333, p < .01). In regard to labor force attachment, as Model C in Table 8.6 shows, those who participated in both government and school-sponsored job training programs worked more than three weeks less, on average, between 1988 and 2000 than those who did not participate in job training programs (**B** = −3.147, p < .01).

The relative contribution or predictive capacity of JTPPS, however, was rather modest for both additional years of training (β = .073 for G-P-S and β = .069, for School Only), and labor force attachment (β = −.060 for G-P-S). As can be seen in Table 8.5 Model B, the addition of JTPPS to the background characteristics increased the explanatory power of Model A but was negligible: Model A accounted for 1.5% of the variability in additional years of training, while Model B accounted for 2.4%. Among background characteristics, the most robust predictors of additional training were residing in a poor family in 1979 (β = −.107) and being Hispanic (β = −.056). Those who lived in poor families in 1979 enrolled in additional training programs about half a year less, on average, than those who lived in affluent families in 1979 (**B** = −.426, p < .001), while Hispanics enrolled more than a quarter of a year less per year than White non-Hispanics (**B** = −.279, p < .05). The most robust background predictors of labor force attachment were being male (β = .261) and living in a poor family in 1979 (β = −.138). On average, men worked more than 7 weeks per year between 1988 and 2006 than did women (**B** = 7.285, p < .001), and those who lived in poor families in 1979 worked 4 weeks less on average per year than those from more affluent families in 1979 (**B** = −4.070, p < .001).

Although its contribution was relatively modest, marital status was unexpectedly found to be related to labor force attachment (see Table 8.6 Model C).

Table 8.5 OLS regression statistics: additional vocational/technical training

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Background (1979)												
Race/ethnicity[a]												
Hispanic									−.279	.120	−.056	*
SES[b]												
Poor	−.486	.102	−.122	***	−.467	.102	−.117	***	−.426	.101	−.107	***
Sex (1 = male)	−.256	.079	−.068	**	−.258	.079	−.069	**	−.191	.079	−.051	*
Job training program participation status (JTPPS)[c]												
Government only					−.166	.201	−.018	ns	−.236	.199	−.025	ns
School-sponsored only					.351	.104	.072	**	.333	.103	.069	**
Both (G-P-S)					.498	.151	.070	**	.520	.150	.073	**
Controls (1988–2006)												
Number of years additional education									.254	.039	.136	***
Marital status[d]												
Separated/divorced/widowed									.245	.110	.064	*
Region of residence[e]												
West									.281	.113	.060	*
Urban (1 = yes)									.208	.084	.054	*
F value	6.79***				6.98***				8.02***			
Adjusted R^2	.015				.024				.048			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p < .05$; **$p < .01$; ***$p < .001$

[a] The referent category for race/ethnicity is White non-Hispanic

[b] For SES in 1979, affluent

[c] For JTPPS, neither

[d] For marital status, never married

[e] For region of residence, south

Table 8.6 OLS regression statistics: labor force attachment expressed as annual average number of weeks worked

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Background (1979)												
Age	.283	.122	.047	*	.295	.123	.049	*	.260	.121	.043	*
Race/ethnicity [a]												
Hispanic	−1.692	.825	−.046	*								
SES [b]												
Poor	−4.517	.729	−.153	***	−4.407	.729	−.149	***	−4.070	.725	−.138	***
Near-poor	−1.568	.682	−.053	*	−1.514	.681	−.052	*	−1.363	.673	−.046	*
Sex (1 = male)	7.190	.564	.258	***	7.136	.563	.256	***	7.285	.561	.261	***
Job training program participation status (JTPPS) [c]												
Government only					−2.265	1.434	−.032	ns	−1.730	1.417	−.025	ns
School-sponsored only					.726	.104	.072	ns	.551	.734	.015	ns
Both (G-P-S)					−3.141	1.081	−.060	**	−3.147	1.072	−.060	**
Controls (1988–2006)												
Number of years additional education									−.877	.279	−.063	**
Number of years additional vocational education									.939	.151	.127	***

(continued)

Table 8.6 (continued)

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Marital status [d]												
Married									2.208	.765	.081	**
Separated/divorced/widowed									2.127	.784	.074	**
Region of residence [e]												
Northeast									−2.263	.921	−.053	*
North Central									−2.978	.710	−.093	***
West									−2.799	.806	−.080	**
F value	38.63***				27.24***				19.58***			
Adjusted R^2	.092				.096				.124			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p<.05$; **$p<.01$; ***$p<.001$

[a] The referent category for race/ethnicity is White non-Hispanic

[b] For SES in 1979, affluent

[c] For JTPPS, neither

[d] For marital status, never married

[e] For region of residence, south

That is, those who were married (**B** = 2.208, ***β*** = .081, $p < .01$) as well as those who were separated/divorced/widowed in 2006 (**B** = 2.127, ***β*** = .074, $p < .01$) worked more than 2 weeks per year, on average, than did those who were never married. In a subsequent analysis, no differences were found between (a) additional education between 1988 and 2006 and (b) marital status in 2006; thereby, ruling out spending more time in school as the reason for working less among never-married persons.

As can be seen in Table 8.5 Model C and in Table 8.6 Model C, the overall explanatory power or predictive capacity of the full models was negligible for additional years of training ($R^2 = .048$) and modest for labor force attachment ($R^2 = .124$). The addition of all the control measures to the background characteristics and JTPPS, nonetheless, produced relatively sizable increases in the explanatory power of Model B. In regard to additional years of training, Model B accounted for 2.4% of the variability, nearly double the 1.5% of Model A, while Model C accounted for 4.8%, double that of Model B. Among control measures, the number of years of additional schooling was the most robust predictor of additional job training (***β*** = .136), followed by marital status, particularly being separated/divorced/widowed in 2006 vs. having never been married (***β*** = .146). Each year of additional schooling increased by about one quarter of a year, on average, the number of years of additional training (**B** = .254, $p < .001$). Those who were separated/divorced/widowed in 2006 enrolled in additional training programs about one quarter of a year more than those never married (**B** = .245, $p < .05$).

In regard to labor force attachment, Model B accounted for 9.6% of the variability, a slight increase from the 9.2% in Model A, while Model C accounted for 12.4%. Among control measures, the number of years of additional vocational/technical training was the most robust predictor of labor force attachment (***β*** = .127), followed by region of residence, particularly living in North Central USA in 2006 vs. the South (***β*** = −.093). Each year of additional vocational/technical training increased by about a week, on average, one's labor force attachment (**B** = .939, $p < .001$). Those who resided in North Central USA in 2006 worked about 3 weeks less per year, on average, than those in the South (**B** = −2.978, $p < .001$).

EITC-Related

Of the two EITC-related outcome measures, JTPPS was a robust predictor only for number of years of EITC eligibility, when controlling for background and other characteristics (see Tables 8.7 and 8.8). As Model C in Table 8.7 shows, those who participated only in school-sponsored job training programs were EITC eligible for a few years between 2000 and 2006 than those who did not participate in job training programs (**B** = −.162, $p < .01$). The relative contribution or predictive capacity of JTPPS, however, was rather modest for number of years EITC eligible (***β*** = −.054). Given that JTPPS was not found to be a significant predictor of number of years filing for the EITC, no further presentation and discussion of this outcome measure were warranted.

Table 8.7 OLS regression statistics: number of years EITC eligible between 2000 and 2006

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Background (1979)												
Race/ethnicity [a]												
Black non-Hispanic	.160	.056	.068	**	.133	.057	.057	*				
SES [b]												
Poor	.436	.062	.176	***	.426	.062	.172	***	.357	.061	.144	***
Near-poor	.260	.058	.105	***	.253	.058	.102	***	.215	.057	.087	***
Sex (1 = male)	−.317	.048	−.135	***	−.312	.048	−.133	***	−.297	.048	−.127	***
Job training program participation status (JTPPS) [c]												
Government only					.013	.123	.002	ns	.024	.120	.004	ns
School-sponsored only					−.188	.064	−.062	**	−.162	.062	−.054	**
Both (G-P-S)					.163	.093	.037	ns	.175	.091	.040	ns
Controls (1988–2006)												
Number of years additional vocational education									−.068	.013	−.110	***
Marital status [d]												
Married									−.290	.065	−.127	***
Separated/divorced/widowed									.142	.066	.059	*
Region of residence [e]												
West									−.155	.068	−.053	*
Urban									−.186	.051	−.078	***
F value	27.94***				16.63***				16.70***			
Adjusted R^2	.055				.059				.107			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p<.05$; **$p<.01$; ***$p<.001$

[a] The referent category for race/ethnicity is White non-Hispanic

[b] For SES in 1979, affluent

[c] For JTPPS, neither

[d] For marital status, never married

[e] For region of residence, south

Table 8.8 OLS regression statistics: number of years filed for EITC between 2000 and 2006

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* value	B	SE	Beta	*p* value	B	SE	Beta	*p* value
Background (1979)												
Age	–.037	.011	–.069	**	–.036	.011	–.066	**	–.034	.011	–.063	**
Race/ethnicity[a]												
Black non-Hispanic	.253	.059	.101	***	.238	.060	.095	***	.184	.064	.073	**
SES[b]												
Poor	.397	.065	.149	***	.397	.066	.150	***	.349	.065	.132	***
Near-poor	.227	.061	.086	***	.227	.061	.086	***	.196	.060	.074	**
Sex (1 = male)	–.556	.051	–.222	***	–.555	.051	–.221	***	–.524	.050	–.209	***
Job training program participation status (JTPPS)[c]												
Government only					–.114	.129	–.018	ns	–.093	.127	–.015	ns
School-sponsored only					–.048	.067	–.015	ns	–.038	.066	–.012	ns
Both (G-P-S)					.163	.097	.035	ns	.173	.096	.037	ns
Controls (1988–2006)												
Number of years additional vocational education									–.036	.014	–.054	**
Marital status[d]												
Married									–.178	.069	–.073	*
Separated/divorced/widowed									.265	.070	.103	***
Region of residence[e]												
Northeast									–.337	.083	–.088	***
Urban									–.114	.054	–.045	*
F value	38.77***				26.37***				20.00***			
Adjusted R^2	.092				.093				.126			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p < .05$; **$p < .01$; ***$p < .001$

[a] The referent category for race/ethnicity is White non-Hispanic

[b] For SES in 1979, affluent

[c] For JTPPS, neither

[d] For marital status, never married

[e] For region of residence, south

As can be seen in Table 8.7 Model B, the addition of JTPPS to the background characteristics increased the explanatory power of Model A but was modest. Model A accounted for 5.5% of the variability in number of years EITC eligible, while Model B accounted for 5.9%. Among background characteristics, the most robust predictors of number of years of EITC eligibility were residing in a poor family in 1979 ($\boldsymbol{\beta}$=.144) and being female ($\boldsymbol{\beta}$=−.127). Those who lived in poor families in 1979 were EITC eligible for one-third of a year longer, on average, than those who lived in affluent families in 1979 (**B**=.357, $p<.001$), while men were EITC eligible for one-third of a year less, on average, per year than women (**B**=−.297, $p<.001$).

As can be seen in Table 8.7 Model C, the overall explanatory power or predictive capacity of the full model was modest for number of years of EITC eligibility (R^2=.107). The addition of all the control measures to the background characteristics and JTPPS, nonetheless, produced relatively sizable increases in the explanatory power of Model B, which accounted for 5.9% of the variability in number of years of EITC eligibility between 2000 and 2006. Model C accounted for 10.7%, nearly double that of Model B. Among control measures, being married in 2006 vs. having never married was the most robust predictor of EITC eligibility ($\boldsymbol{\beta}$=−.127), followed by number of years of additional vocational/technical training ($\boldsymbol{\beta}$=−.110). Those who were married in 2006 were EITC eligible for about one-third of a year less, on average, per year than those never married (**B**=−.290, $p<.001$). Each year of additional vocational/technical training between 1988 and 2006 decreased by about 1 month a year, on average, the number of years of EITC eligibility between 2000 and 2006 (**B**=−.068, $p<.001$).

8.6.2 Study Implications

8.6.2.1 The Modest Impact of Enrolling in Government and School-Sponsored Job Training Programs

On the whole, findings of this study suggest that enrolling in government and school-sponsored job training programs during one's formative, preprime working years as an adolescent have a modest impact on economic well-being and human capital during one's prime working years, and no impact on filing for the EITC among ever EITC-eligible persons. Background and sociodemographic factors are much more robust. Nonetheless, when controlling for background and other factors, enrolling in government and school-sponsored job training programs does make a difference. Outcome differences depend on the types of programs in which ever EITC-eligible persons enrolled.

G-P-S Enrollees: Less Income, Less Work, More Additional Training

Findings of the study suggest that enrolling in a combination of government training and school-sponsored vocational/technical job training programs (G-P-S) impacts future economic well-being and human capital when compared to those who enroll in neither type of program during their formative, preprime working years and when controlling for a variety of background and other factors. They tend to do worse economically, both in terms of family income and wage income. Even though Blacks and those with a history of residing in low-income families are more likely to enroll in both types of programs, when controlling for these and other factors, such as additional school enrollment, findings suggest that those who enroll in both government training and school-sponsored vocational/technical job training programs subsequently have lower average family incomes and wages than those who enroll in neither type of program. These economic-well being outcomes might be due, in part, to fewer years of completed schooling, given that those who had enrolled in neither type of program had completed education beyond high school at the beginning of their prime working years, while those who enrolled in both, on average, completed less than high school. Although both groups accumulated roughly the same amount of additional schooling, those enrolling in both types of programs were unable to catch up to their counterparts who enrolled in no government training and school-sponsored vocational/technical job training programs. With fewer years of completed schooling at the onset of their prime working years, those who enrolled in both programs are unable to command high wages when they are working, thereby contributing less to family income overall.

More likely than completed education, however, the lower average family incomes and wages, for those enrolling in both types of programs during their prime working years, are due to working less, taking sex into account. Invariably, completed education and labor force attachment are positively related. Findings suggest that intervention efforts aimed at enabling those enrolled in school to complete their appropriate grade levels during their preprime working years are warranted. This suggestion is underscored by the findings showing that those enrolled in G-P-S and School-Only programs during their preprime working years accumulate more additional vocational/technical training during their prime working years than do those who enroll in neither type of job training programs during their preprime working years.

School-Only Enrollees: More Additional Training, Less EITC Eligible

Findings of the study indicate that enrolling only in school-sponsored vocational/technical job training programs (School Only) during one's preprime working age increases the additional training one accumulates and decreases how long one is EITC eligible during one's prime working years, when compared to those who enroll in neither type of program during their formative, preprime working years and when controlling for a variety of background and other factors. Although School-Only enrollees tend to be White and affluent, they also have more completed years of education by the time they reach prime working age and they maintain this educational advantage by accumulating both additional formal education and vocational/technical training as they enter their prime working years. These findings suggest that enrollment only in school-related vocational/educational programs and grade-level completion in one's formative years, especially high school, have cumulative positive effects on human capital and inverse effects on EITC eligibility, the latter due in part to having family incomes indistinguishable, in a statistical sense, from their more affluent counterparts.

8.6.2.2 The Importance of Background and Sociodemographic Characteristics

Although the main focus of the study reported in this chapter was to discern the relative importance of job training program participation on prime working age outcome measures among ever EITC-eligible persons, the more robust relative contributions of sociodemographic and other factors warrant a brief discussion at this point. This is particularly the case in regard to background factors of class, race/ethnicity, and sex, and in regard to marital status (never marrying) and urban residence, each of which affected economic well-being, human capital development, and EITC eligibility.

The Significance of Class, Race/Ethnicity, and Sex

Background poverty consistently predicts more adverse economic well-being and human capital outcomes than is the case for those residing in affluent families, defined in the study reported here as those with total family income above twice official Federal poverty thresholds. These adverse outcomes occur regardless of accumulated job and vocational/technical training and educational attainment. Being female and being Black are also consistent predictors of adverse outcomes: for women on every outcome measure in this study and for Blacks in regard to both outcome measures of economic well-being, namely, family income and wages. Although the study reported here is based on microlevel or individual data, class, race/ethnicity, and sex signify structural aspects of society, and findings highlight how difficult it is to overcome whatever impediments are associated with such background characteristics.

The Impact of Staying Single and Urban Residence

Finally, compared to their never-married counterparts, married women fare much better in regard to both measures of economic well-being, that is, family income and wages. Given that marriage brings with it the prospect of dual-earner couples, high family incomes for married vis-à-vis never-married persons can perhaps be expected. That they also earn higher wages, on average, is less likely to be expected. Theoretically, never-married persons have more time to devote to building their careers since they are less encumbered by family obligations that invariably accompany marriage. Controlling for race/ethnicity and sex, as well as for additional schooling (for which no differences were found by marital status), those who are either married or separated/divorced/widowed work less for the duration of the prime working years as measured in the study reported here than those who never marry. Urban residents tend to fare better on all outcome measures, with the exception of labor force attachment, suggesting that the nation's cities continue to afford economic and human capital advantages to young adults entering the labor market and forming their own families.

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Chapter 9
An Outcome Study: NLSY97

9.1 Overview

Using data from the National Longitudinal Survey of Youth, the 1997 cohort (NLSY97), this chapter explores the educational and economic outcomes of maturing youth who participated in school-based learning or School-to-Work (STW) programs, government training, and/or other more traditional vocational/technical education programs between 1997 and 2002. As noted in Chap. 7, Sects. 7.3.3.2 and 7.3.4, a proliferation of STW programs resulted in part from passage of the Carl D. Perkins Vocational and Applied Technology Education Act Amendments of 1990 (P.L. 101-392, also known as *Perkins II*), and in part from passage of The School-to-Work Opportunities Act of 1994 (P.L. 103-239, STWOA) during the Clinton administration (Olson, 1997; Stern, Finkelstein, Stone, Latting, & Dornsife, 1994). *Perkins II* targeted high school and 2-year or community college students, whereas STWOA targeted primarily high school students. STW legislation aimed at completion of the high school degree or an equivalent diploma or an alternative certificate recognizing successful completion of 1 or 2 years of postsecondary education, a skill certificate, or admission to a 2- or 4-year college or university. Although STWOA expired in October 2001, school-based learning programs and the idea itself both preceded and lingered on in alternative forms, such as Career and Technical Education (CTE) programs that relied on other sources of federal and state money (Cutshall, 2001; Gray, 2004; Neumark & Rothstein, 2005). *Perkins II*, for example, was renewed in 1998 (P.L. 105-332, or *Perkins III*) and again in 2006 (P.L. 109-270, or *Perkins IV*).

This chapter compares the educational and economic outcomes of STW participants to government-sponsored training program enrollees and to those who participated in vocational/technical education programs outside regular schooling between 1997 and 2002 as well as to those who participated in none of these major types of work preparedness or job training initiatives. Economic well-being outcome measures included family and wage income between (a) 2003, by which time more than three-fourths of the cohort had completed 12 years, if not most, or all of their formal schooling, and (b) 2006, the most recent year of available NLSY97 data at the outset of this study. Measures of human capital

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included (a) labor force attachment, (b) additional schooling, and (c) additional job-related training; and two cumulative Earned Income Tax Credit (EITC)-related outcome measures: (a) number of years respondents were eligible for the EITC and (b) number of years respondents filed for the EITC.

This chapter focuses exclusively on the NLSY97 because, as noted in Chap. 8, this cohort of youth benefitted from a broader array of vocational education and STW programs and initiatives that were unavailable to the NLSY79 cohort. In addition to *Perkins II*, *Perkins III*, and STWOA mentioned previously, these included the Workforce Investment Act of 1998 (P.L. 105-220, WIA) enacted during the Clinton administration (see Chap. 7, Sect. 7.3.5) and the Trade Adjustment and Assistance Reform Act of 2002 (P.L. 107-210) enacted during the G.W. Bush administration (see Chap. 7, Sect. 7.3.6), among others.

This chapter proceeds in Sect. 9.2 with a presentation of STWOA and vocational education in secondary and postsecondary schooling in USA in the 1990s through the early 2000s. Section 9.2 highlights enrollment in government and other training programs gleaned from the NLSY97 from 1997 through 2006. Section 9.3 presents the research questions, methods, and measures of this chapter's outcome study. Section 9.4 presents study findings and concludes the chapter with a discussion of implications.

9.2 Career and Technical Education in USA in the 1990s to the Present

9.2.1 Overview

Between 1990 and 2005, student participation in Career and Technical Education (CTE) programs became relatively common at the three educational levels: (a) secondary (high school), (b) postsecondary (college), and (c) adult. Joyce and Neumark (2001) reported that 60% of the nation's high schools offered at least one school-to-work (STW) program in 1996, with approximately 38% of students reporting that they had participated in at least one such program. Levesque et al. (2008) reported that just over 90% of public high school graduates in 2005 took at least one occupational course during high school, and these graduates earned more credits, on average, in occupational education than they earned in fine arts and foreign language (3.0 vs. 2.0–2.1 credits). Additionally, about one in five of the 2005 graduates concentrated in occupational education (21%), earning three or more credits in at least one of 18 high school occupational programs. At the postsecondary level, a higher proportion of undergraduates in 2004 majored in career fields than in academic areas at each credential level (certificate, associate's degree, and bachelor's degree): 60–81% vs. 6–30%. In regard to adult education, 37% of labor force participants enrolled in work-related courses in 2004–2005.

Levesque et al. (2008) also reported variation in vocational education participation by gender and family background. In regard to gender at the high school level, a greater proportion of men enrolled in CTE courses than in academic courses. Among public high school graduates in 2005, the majority of occupational concentrators were male (59%), while the majority of nonconcentrators were female (54%). At the postsecondary level, the majority of both credential-seeking undergraduates with career majors and those with academic majors were female in 2004 (58% each). Higher rates of participation in work-related course taking were also observed for female than for male workers in 2004–2005 (44% vs. 31%). In regard to family background characteristics, for example, at the postsecondary level in 2004, a smaller percentage of undergraduate career majors had parents with a bachelor's degree or higher compared with academic majors (37% vs. 48%). Also in 2004, undergraduate career majors nonetheless had better educated parents than their counterparts who had enrolled earlier; for example, 37% in 2004 vs. 23% and 34% in 1990 and 2000, respectively, had at least one parent with a bachelor's degree. Furthermore, the percentage of career majors who had themselves earned a bachelor's degree increased by three percentage points.

Finally, Levesque et al. (2008) also reported variation in postsecondary education and employment and earnings outcomes. In regard to education, an inverse relationship was found among 1992 public high school graduates between occupational credits earned in high school and having postsecondary education plans, including sub-baccalaureate postsecondary plans (for example, obtaining certificates or associate's degrees). Furthermore, the more occupational credits earned in high school, the less likely was enrollment in postsecondary education within 8 years of graduation. Even among those who enrolled in postsecondary education, attainment of sub-baccalaureate credentials was inversely related to obtaining a bachelor's or higher degree by 2000. Nonetheless, among those who began their postsecondary education in 1995–1996, the majority of credential-seeking undergraduates either attained their desired degree or was still enrolled in school by 2001. In regard to employment and earnings, outcomes differed by sex. Male high school graduates in 1992 with more occupational credits were more likely to be employed full-time in 2000, although no relationship was found in regard to occupational units and full-time earnings in 1999. No relationship was found between occupational units and full-time employment in 2000 among women, but the more such credits they had earned, the lower their full-time earnings in 1999: female graduates who earned four or more occupational credits in high school earned about $5,000 less in 1999 than their female classmates who took no occupational coursework in high school. Among those who began their postsecondary education in 1995–1996, most (87.0%) sub-baccalaureate career completers were employed full-time by 2001. No measureable differences were found, however, in full-time employment rates of employed completers and noncompleters at either the certificate or the associate degree level.

9.2.2 Career and Technical Education in the NLSY97

9.2.2.1 Overview

NLSY97 solicits information about CTE primarily in two different sequences of questions. Respondents who were enrolled in school at any level at the time of the survey were asked about their participation in school-based learning programs. The types of school-based learning programs included (a) career major (a coherent sequence of courses based upon an occupational goal), (b) cooperative education (academic and vocational studies paired with a job in a related field), (c) apprenticeship (working as an employee for a short time to learn an occupation), (d) job shadowing (following an employer for one or more days to learn an occupation), (e) mentoring (pairing students with employees who assess their performance over time and help them learn knowledge and develop skills), (f) school-sponsored enterprise (production of goods or services by students for sale or use by others), and (g) Tech Prep (a planned program of study with a defined career focus that links secondary and postsecondary education). Information about the school-based learning programs was obtained from the NLS97 *User's Guide* (Center for Human Resource Research [CHRR], n.d. a).

NLSY97 also included formal training experiences of respondents outside their regular schooling. This section of the NLSY97 surveyed respondents 16 years of age or older and explored what kind of training the youth obtained, where and when they were trained, how the training was paid for, and what skills were acquired. Types of organizations providing the training included Adult basic education (ABE or pre-General Equivalency Degree [GED]) program; Apprenticeship program; business or secretarial school, community, or junior college; correspondence course, formal company training run by employer; GED program; Government training; nursing school (LPN or RN); seminar or training outside of work; vocational rehabilitation center; vocational, technical, or trade school; and in round 1 only school-based program. Respondents were asked if any aspect of the training program was provided by a government program. In addition to financial support from family and from employers, respondents were asked about student aid or loans, examples of which included Pell Grants, Stafford Loans, Supplemental Educational Opportunity Grants (SEOG), or scholarships. Respondents for whom employers paid were also asked the main reason for participating in the training program (e.g., promotion, obtaining a license or certificate, and looking for a new job). Information about training experiences outside regular schooling was obtained from the NLS97 User's Guide (Center for Human Resource Research [CHRR], n.d. b).

9.2.2.2 Prior School-To-Work Studies that Relied on NLSY97

Excluding "career major" programs, Neumark and Joyce (2001) confined their study of STW program participation to the 4,489 eligible high school students in round 1 of the NLSY97. Sample sizes varied depending on the number of observations reported for study measures, with 2,734 respondents used in "full sample" analyses, of whom 1,101 were STW participants. Neumark and Joyce reported that women, Blacks, and non-Whites generally were slightly overrepresented among STW participants, suggesting that groups which, on average, fare worse in the labor market participate in STW programs at higher rates. Hispanics, however, were found to be underrepresented in STW programs. With the exception of mother's education level, no differences between STW participants and nonparticipants were found by family background characteristics. Those whose mothers had more than a high school education were overrepresented among STW participants. STW participants were also found to be overrepresented in vocational technical or business and career programs and underrepresented in general programs, although not in college preparatory, academic, or specialized academic programs.

Neumark and Joyce (2001) included "contemporaneous outcome" measures in their study of STW program participation, including (a) current enrollment in a regular school, (b) current employment, (c) hours worked per week, and (d) log of hourly wage. Other contemporaneous outcome measures captured expectations for the following year in regard to (a) being in regular school, (b) working more than 20 h/week if in school, or (c) working more than 20 h per week if left school. No STW participation effects were found for school enrollment, employment, hours worked, or wages. STW participation was found to increase the subjective probability of working 20 or more hours per week whether in school or not. Other contemporaneous outcome measures captured longer term expectations, including taking tests for college admission or advanced placement and working 20 h or more per week at age 30 years, both found to be positively related to STW participation, but these effects dissipate when controlling for school characteristics. Only likelihood of completing high school remained significant, with STW participants more likely to report themselves doing so than nonparticipants.

Neumark and Joyce (2001) cautioned that their evaluation study of STW participation, like those of others before them (e.g., Stern et al., 1994), lacked the necessary controls to establish causal relationships between STW program participation and any outcome measures. Findings about longer term expectations about schooling and work suggest that STW participants would increase their human capital (at least by completing high school) and labor force attachment more so than nonparticipants. Whether subjective expectations are consistent with actual behavior remains to be tested.

In a second study that also used data from round 1 of the NLSY97, Joyce and Neumark (2001) divided STW participation into two broad categories: (a) work-based activities, which included apprenticeship, job shadowing, mentoring, and school-enterprise programs; and (b) school-based activities, which included "career major," cooperative education, and Tech Prep programs. Job shadowing and career programs were the two most popular programs among the work-based and school-based programs, with a slightly higher percentage of men in career programs (18.9% vs. 17.4% for women) and a higher percentage of women in job shadowing (14.3% vs. 11.0%), and Blacks more likely than Whites to participate across all types of activities except job shadowing programs. Most notable was the finding that STW participants, whether in work-based or school-based activities, were about 1.3 times more likely to be working than nonparticipants, when controlling for a variety of socioeconomic characteristics including annual household income. This finding suggests that STW participants might subsequently have greater labor force attachment, all else being equal, than nonparticipants, and that both the workplace and schooling contribute to nurturing investment in human capital among young adults.

9.2.2.3 NLSY97 Descriptive Information about Participation in All Career and Training Programs

More than two-thirds (68.8%, unweighted) of the 7,157 NLSY97 respondents who were deemed eligible for related questioning participated in one or more career vocational/technical training programs in any given year between 1997 and 2002, evenly split between men (49.6%) and women (50.4%) and proportionately equivalent: 68.1% of all males and 69.6% of all females participated. In 1997 when most of the NLSY97 respondents were in high school and were eligible to be asked, 12.9% (weighted) of them participated in some type of school-based learning or vocational/technical program. After 1997, the universe of respondents eligible for questions about career vocational/technical training programs varied from year to year, with increasing numbers of respondents either moving beyond high school into postsecondary education or entering the labor market. Career vocational/technical training program questions were asked in reference to the date of last interview. In any given year between 1998 and 2002, among all career vocational/technical training program participants, about half were men and half were women. Sizable majorities (about 83.0%, weighted accordingly) of eligible respondents participated in career vocational/technical training programs in any given year. The proportion of men and women participating in career and vocational/technical training programs was roughly comparable every year between 1997 and 2002. The largest difference occurred in survey year 2001 when 87.8% of men eligible for such questions and 82.1% of eligible women participated in such programs.

As can be seen in Table 9.1, among those who participated in any type of career vocational/technical training program in 1997 when all high school students were eligible for related questions, the highest percentage (8.3%) was the category of STW/Vocational Technical and Government training programs, followed by Vocational Technical only (2.7%).

In 1998, a sizable majority (63.3%) of those eligible to be asked about career vocational/technical training program participation participated in both STW and Vocational Technical programs, but this majority continued to decline through 2002 when only 27.2% participated in these programs, reflecting Congressional nonrenewal of STWOA. Whereas less than one-fifth of those eligible for career vocational/technical training program participation questions did not participate in any

Table 9.1 Distribution (%, weighted) of STW and vocational/technical training program participation among eligible NLSY97 respondents by year and program participation status

	Year					
	1997	1998	1999	2000	2001	2002
All eligible respondents						
Program participation status	(*N*=4,539)	(*N*=1,943)	(*N*=2,031)	(*N*=1,890)	(*N*=1,769)	(*N*=1,586)
Both STW and vocational technical	01.7	63.3	52.7	41.8	38.9	27.3
Vocational technical only	02.7	17.3	26.3	35.9	39.7	46.0
STW, vocational technical and government training	08.3	00.2	00.2	00.5	00.3	00.4
Vocational technical and government training	00.2	01.7	03.0	05.0	06.3	09.5
None	87.1	17.6	17.7	16.9	14.7	17.6
Male eligible respondents						
Program participation status	(*N*=2,241)	(*N*=992)	(*N*=970)	(*N*=940)	(*N*=885)	(*N*=770)
Both STW and vocational technical	01.8	64.1	51.8	40.5	37.1	24.6
Vocational technical only	03.1	17.2	26.4	36.5	40.9	46.0
STW, vocational technical and government training	08.6	00.1	00.3	00.8	00.5	00.4
Vocational technical and government training	00.3	01.6	04.5	07.6	09.7	14.8
None	86.1	17.1	17.0	14.5	11.9	14.1
Female eligible respondents						
Program participation status	(*N*=2,298)	(*N*=951)	(*N*=1,061)	(*N*=950)	(*N*=884)	(*N*=816)
Both STW and vocational technical	01.5	62.4	53.7	43.0	40.7	30.0
Vocational technical only	02.3	17.4	26.3	35.2	38.6	46.0
STW, vocational technical and government training	08.0	00.3	01.6	00.2	00.2	00.4
Vocational technical and government training	00.1	01.9	00.1	02.4	02.8	04.4
None	88.0	18.1	18.3	19.2	17.7	19.2

Note. In 1997, most NLSY97 respondents were in high school and thereby eligible for school-based learning questions such programs in any year between 1998 and 2002, the proportion of those who participated only in Vocational Technical programs increased steadily from 17.3% in 1998 to 46.0% in 2002. These trends were similar for men and women, give or take two to three percentage points.

Among those who participated in career vocational/technical training programs beyond those associated with regular schooling, participation in vocational technical or trade programs was the most popular in any given year, ranging from a low of 30.8% in 2002 to a high of 41.8% in 1998 (see Table 9.2).

Participation in employer-run programs increased steadily from 7.6% in 1997 to 19.2% in 2002. Likewise, participation in government training programs also increased steadily, from 7.3% in 1997 to 16.9% in 2002.

Table 9.3 shows that the participation rates of men and women were roughly similar across many of the more popular career vocational/technical training programs not associated with regular schooling. Notable exceptions, however, included vocational technical or trade programs which showed greater variability between men and women between 1997 and 2000, before becoming more equalized around 33% each in 2001 and 2002.

From 2000 on, proportionately more women than men participated in employer-run programs, reaching a peak of 23.1% vs. 15.9% in 2002. Proportionately more men than women, however, participated in government training programs from 2000 on, reaching a peak of 23.8% vs. 8.8% in 2002.

More than two-fifths (41.8%, unweighted) of the 2,373 youth deemed eligible for related questioning were beneficiaries of government covering some training-related costs between 1997 and 2002. In each year between 1997 and 2002, government contributed to training-related costs for a sizable minority of those aged 16 years or older who participated in new nongovernmental training programs since the date of their last interviews (see Table 9.4).

With the exception of 1998 when nearly two-fifths (39.5%, weighted) received government assistance, about one-third of youth who participated in at least one new training program since the date of last interview received government financial assistance every year they did so. Although participation in new nongovernmental training programs subsequently declined, about 20% of those who did participate benefitted from government financial assistance each year they did so between 2003 and 2006. Men were marginally more likely than women to be beneficiaries of government financial assistance: The more pronounced 12.3% difference in 1997 stabilized at about 4–5% difference between 1998 and 2002, and became negligible thereafter.

Nearly two-fifths (36.0%, unweighted) or 853 of the 2,370 youth deemed eligible for related questioning were beneficiaries of their employers covering some training-related costs between 1997 and 2002. For youths aged 16 years or older who had identified employers and who participated in new nongovernmental training programs since the date of their last interview, employers also contributed to participation in training-related programs for a sizable minority of them, but increasingly for a majority of them in every survey year between 1997 and 2002 and for an increasing majority of them between 2003 and 2006. As can be

Table 9.2 Distribution (%, weighted) of vocational/technical training program participation outside regular schooling by year and location/type of training

	Year					
	1997	1998	1999	2000	2001	2002
Location/type of training	(*N*=215)	(*N*=456)	(*N*=701)	(*N*=858)	(*N*=907)	(*N*=985)
Business or secretarial	06.2	04.4	04.6	03.8	03.8	03.0
Vocational technical or trade	36.8	41.8	36.3	31.8	33.6	30.8
Apprenticeship	04.6	03.4	03.3	04.7	04.6	04.3
Nursing school	01.5	02.0	01.3	01.5	02.5	02.1
Vocational rehabilitation	00.6	00.5	00.6	00.5	00.3	00.8
Adult basic education	00.9	03.8	02.7	01.3	01.2	01.6
General Equivalency Degree (GED)	01.5	06.1	07.6	06.3	05.2	06.8
Correspondence course	06.4	04.7	04.2	03.3	03.0	04.2
Employer-run	07.6	10.5	16.6	18.3	18.0	19.2
Nonemployer sponsor at work	02.8	03.2	02.1	02.7	02.8	03.6
Outside work	05.3	01.8	02.6	02.9	04.0	05.1
Community college	04.0	01.2	01.6	01.5	02.0	01.2
School-based	05.0	06.3	03.4	02.1	02.6	00.0
Job search	00.0	01.4	00.3	00.7	00.8	00.0
Government training	07.3	08.1	09.4	12.1	13.2	16.9
Other	18.0	06.4	07.4	09.4	06.4	06.2

Note. Column percent totals may exceed 100 due to participation in more than one type of program

Table 9.3 Distribution (%, weighted) of the more popular vocational/technical training program participation outside regular schooling by year, location/type of training, and sex

Location/type of training	Year 1997		1998		1999		2000		2001		2002	
	M(N=115)	F(N=100)	M(N=220)	F(N=236)	M(N=358)	F(N=343)	M(N=462)	F(N=396)	M(N=485)	F(N=422)	M(N=510)	F(N=475)
Business or secretarial	04.9	07.9	02.2	06.6	04.3	05.0	03.2	04.5	01.9	06.1	02.9	03.1
Vocational/technical or trade	48.8	27.9	53.1	63.3	40.6	31.4	36.8	25.5	35.6	31.1	28.9	33.1
Apprenticeship	06.6	02.0	02.6	04.2	03.6	03.0	06.1	03.1	07.2	01.4	06.8	01.3
General Equivalency Degree (GED)	01.4	01.7	06.3	05.9	06.1	09.2	04.4	08.7	05.7	04.5	07.5	05.9
Correspondence course	03.8	09.8	06.1	03.4	03.8	04.6	02.4	04.4	02.5	03.5	04.4	04.1
Employer-run	08.9	05.9	11.7	09.3	13.6	20.1	15.0	22.5	15.9	20.6	15.9	23.1
Outside work	01.6	10.1	00.2	03.4	02.6	02.5	03.0	02.8	03.0	05.4	04.3	06.0
Community college	03.3	04.8	01.2	01.2	01.6	01.5	01.5	01.5	01.9	02.1	00.5	02.1
School-based	04.8	05.3	08.4	04.1	03.5	03.3	01.5	02.9	02.7	02.5	–	–
Government training	08.3	06.1	07.2	09.0	13.0	05.4	16.6	06.4	18.4	06.7	23.7	08.8
Other	10.8	27.5	07.7	05.1	07.2	07.6	08.5	10.5	03.6	09.9	05.6	06.9

Table 9.4 Distribution (%, weighted) of nongovernmental training program participants for whom government paid costs among eligible NLSY97 respondents by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(N=189)	(N=405)	(N=626)	(N=776)	(N=807)	(N=879)	(N=870)	(N=854)	(N=880)	(N=971)
27.9	39.5	30.5	29.1	29.8	30.0	23.3	22.8	21.1	18.8
Male									
(N=99)	(N=199)	(N=315)	(N=418)	(N=424)	(N=446)	(N=435)	(N=430)	(N=445)	(N=487)
33.3	41.8	34.5	32.7	33.7	32.1	23.3	24.4	21.6	19.9
Female									
(N=90)	(N=206)	(N=311)	(N=358)	(N=383)	(N=443)	(N=435)	(N=424)	(N=435)	(N=484)
21.0	37.1	26.0	24.6	25.2	27.7	23.3	20.9	20.6	17.6

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, and (c) had participated in nongovernmental types of training programs

Table 9.5 Distribution (%, weighted) of nongovernmental training program participants for whom employer paid costs among eligible NLSY97 respondents by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(N=212)	(N=454)	(N=648)	(N=760)	(N=792)	(N=881)	(N=846)	(N=857)	(N=890)	(N=980)
11.3	17.9	25.4	38.0	37.7	43.0	51.9	57.2	60.2	61.9
Males									
(N=112)	(N=220)	(N=330)	(N=412)	(N=421)	(N=456)	(N=445)	(N=438)	(N=464)	(N=500)
10.1	18.3	24.2	38.5	39.0	44.6	54.1	58.1	62.4	66.2
Females									
(N=100)	(N=234)	(N=318)	(N=348)	(N=371)	(N=425)	(N=401)	(N=419)	(N=426)	(N=480)
12.8	17.5	26.8	37.3	36.2	41.2	49.4	56.3	57.6	56.9

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental types of training programs, and (d) for whom information about employers was available seen in Table 9.5, this was the case for both men and women. In 2000, for example, nearly two-fifths of men (38.5%, weighted) and women (37.3%) had their employers cover costs of their training. By 2003, the proportions had risen to 54.1% for men and to 49.4% for women; and by 2006, to 66.2% and 59.6%, respectively.

Different reasons motivated participation in training programs among employed youth, as can be seen in the year-to-year distributions in Tables 9.6–9.12. The NLSY97 inquired about six specific reasons for participating in training programs: (a) necessary when began the job, (b) to upgrade skills, (c) for a promotion, (d) to obtain a license or certificate, (e) seeking a new job, and (f) associated with new methods or processes on the job. A seventh possibility was identified as "other." Between 1997 and 2002, nearly half (47.6%, unweighted), or 406 of 853, reported "necessary when began the job" as the main reason, followed by "upgrading skills" (24.2%), promotion (21.7%), "to obtain a license or certificate" (18.3%), and the remainders at less than 10% each.

As Table 9.6 shows, men and women were about as likely (<10% difference, weighted) to give reported "necessary when began the job" as the main reason for participating in technical training in each year between 1997 and 2002.

That pattern held through 2006, with the exception of 2003 when 10.1 percentage points separated men (36.4%) from women (26.3%). For the most part, men and women were equally as likely to report "upgrading skills" as the main reason for training participation, especially between 1999 and 2002 (see Table 9.7). That pattern changed afterward, however, as increasing percentages of women reported "upgrading skills" as the main reason, for example, nearly doubling that of men in 2005 (11.6% vs. 6.7%). Table 9.8 shows that men were more likely to report "promotion" as the main reason in 1997 (11.1% vs. 3.1%) and in 1998 (13.9% vs. 3.8%), but afterward they were nearly equally as likely, at least until 2004 when an increasing proportion of men reported "promotion" as the main reason (21.4% vs. 12.8%). There was no clear-cut pattern in regard to men's and women's reporting "to obtain a license or certificate" as the main reason for training participation (Table 9.9). Women were more likely to do so than men in the earlier years between 1997 and 1999, but they were equally as likely as men in 2001 (21.9% vs. 21.7%, respectively). Thereafter, the percentage differences were fairly close (<10%), although 8.9 percentage points separated women from men in 2003 (24.8% vs. 15.9%, respectively).

Finally, 190 training participants were beneficiaries of federal grants or loans that targeted college students primarily, such as Pell Grants, SEOG, Perkins Loans, or Stafford Loans between 1997 and 2002. Between 2003 and 2006, 282 training participants were such beneficiaries. As Table 9.13 shows, men and women were about as likely to be recipients of any federal grants or loans both for the period of 1997 and 2002 (81.4% vs. 88.3%, unweighted) and that of 2003 and 2006 (92.1% vs. 90.6%), as well as for any particular type except Pell grants.

Women were more likely than men to get Pell grants between 1997 and 2002 (47.5% vs. 25.7%, unweighted) and between 2003 and 2006 (55.8% vs. 42.6%).

Table 9.6 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "necessary when began new job" as the main reason for participating in nongovernmental training programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(*N* = 20)	(*N* = 69)	(*N* = 149)	(*N* = 252)	(*N* = 261)	(*N* = 341)	(*N* = 401)	(*N* = 444)	(*N* = 489)	(*N* = 569)
59.1	54.7	46.6	44.1	31.4	34.6	32.0	31.1	24.7	24.7
Males									
(*N* = 10)	(*N* = 35)	(*N* = 72)	(*N* = 139)	(*N* = 149)	(*N* = 188)	(*N* = 220)	(*N* = 241)	(*N* = 274)	(*N* = 313)
62.5	56.9	48.5	43.0	26.4	32.6	36.4	30.0	22.9	23.5
Females									
(*N* = 10)	(*N* = 34)	(*N* = 77)	(*N* = 113)	(*N* = 112)	(*N* = 153)	(*N* = 181)	(*N* = 203)	(*N* = 215)	(*N* = 256)
55.3	49.4	44.7	45.6	38.0	37.2	26.3	32.3	27.0	26.4

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.7 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "upgrade skills" as the main reason for participating in nongovernmental training programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(*N*=20)	(*N*=69)	(*N*=149)	(*N*=252)	(*N*=261)	(*N*=341)	(*N*=401)	(*N*=444)	(*N*=489)	(*N*=569)
18.3	10.1	17.9	18.0	21.2	25.8	23.8	29.3	08.8	09.4
Males									
(*N*=10)	(*N*=35)	(*N*=72)	(N =139)	(*N*=149)	(*N*=188)	(*N*=220)	(*N*=241)	(*N*=274)	(*N*=313)
22.7	07.5	16.4	17.3	24.1	26.6	22.2	25.3	06.7	07.8
Females									
(*N*=10)	(*N*=34)	(*N*=77)	(*N*=113)	(*N*=112)	(*N*=153)	(*N*=181)	(*N*=203)	(*N*=215)	(*N*=256)
13.8	12.2	19.5	19.0	17.4	24.8	25.9	34.2	11.6	11.6

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.8 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "promotion" as the main reason for participating in nongovernmental training programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(N=20)	(N=69)	(N=149)	(N=252)	(N=261)	(N=341)	(N=401)	(N=444)	(N=489)	(N=569)
07.4	09.0	18.3	17.4	25.7	21.5	23.9	19.0	20.4	18.8
Males									
(N=10)	(N=35)	(N=72)	(N=139)	(N=149)	(N=188)	(N=220)	(N=241)	(N=274)	(N=313)
11.1	13.9	19.9	19.2	28.0	24.7	25.9	21.4	24.7	20.3
Females									
(N=10)	(N=34)	(N=77)	(N=113)	(N=112)	(N=153)	(N=181)	(N=203)	(N=215)	(N=256)
03.7	03.8	16.6	15.0	22.7	17.5	21.4	12.8	14.8	16.9

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.9 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "obtain license or certificate" as the main reason for participating in nongovernmental training programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(*N*=20)	(*N*=69)	(*N*=149)	(*N*=252)	(*N*=261)	(*N*=341)	(*N*=401)	(*N*=444)	(*N*=489)	(*N*=569)
08.1	10.2	13.3	15.8	21.8	16.3	19.8	16.1	17.4	16.1
Males									
(*N*=10)	(*N*=35)	(*N*=72)	(*N*=139)	(*N*=149)	(*N*=188)	(*N*=220)	(*N*=241)	(*N*=274)	(*N*=313)
00.0	06.2	09.7	17.1	21.7	13.3	15.9	17.8	16.3	18.8
Females									
(*N*=10)	(*N*=34)	(*N*=77)	(*N*=113)	(*N*=112)	(*N*=153)	(*N*=181)	(*N*=203)	(*N*=215)	(*N*=256)
16.4	14.2	17.0	14.1	21.9	20.2	24.8	14.1	18.8	12.5

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.10 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "introduction of new methods on the job" as the main reason for participation in nongovernmental training programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(N=20)	(N=69)	(N=149)	(N=252)	(N=261)	(N=341)	(N=401)	(N=444)	(N=489)	(N=569)
06.8	08.0	04.6	05.9	03.0	05.2	04.7	06.7	08.8	09.4
Males									
(N=10)	(N=35)	(N=72)	(N=139)	(N=149)	(N=188)	(N=220)	(N=241)	(N=274)	(N=313)
00.0	07.1	07.1	07.6	02.0	06.0	04.0	05.5	06.7	07.8
Females									
(N=10)	(N=34)	(N=77)	(N=113)	(N=112)	(N=153)	(N=181)	(N=203)	(N=215)	(N=256)
13.8	08.9	02.1	03.5	04.4	04.3	05.7	08.2	11.6	11.6

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.11 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "new job" as the main reason for participating in nongovernmental programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(N=20)	(N=69)	(N=149)	(N=252)	(N=261)	(N=341)	(N=401)	(N=444)	(N=489)	(N=569)
03.6	04.9	02.7	02.5	02.4	03.1	02.9	02.8	02.7	02.8
Males									
(N=10)	(N=35)	(N=72)	(N=139)	(N=149)	(N=188)	(N=220)	(N=241)	(N=274)	(N=313)
03.8	06.1	03.4	02.5	03.2	05.0	03.1	04.0	02.5	04.3
Females									
(N=10)	(N=34)	(N=77)	(N=113)	(N=112)	(N=153)	(N=181)	(N=203)	(N=215)	(N=256)
03.4	03.7	02.0	02.6	01.3	00.6	02.6	01.3	02.8	00.8

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.12 Distribution (%, weighted) of employed eligible NLSY97 respondents answering "other" as the main reason for participation in nongovernmental training programs by year and sex

1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Total									
(*N*=20)	(*N*=69)	(*N*=149)	(*N*=252)	(*N*=261)	(*N*=341)	(*N*=401)	(*N*=444)	(*N*=489)	(*N*=569)
05.4	06.4	01.1	00.9	02.2	02.3	02.4	02.3	02.7	02.6
Males									
(*N*=10)	(*N*=35)	(*N*=72)	(*N*=139)	(*N*=149)	(*N*=188)	(*N*=220)	(*N*=241)	(*N*=274)	(*N*=313)
00.0	05.5	02.1	00.6	03.8	02.1	03.1	01.6	03.4	03.2
Females									
(*N*=10)	(*N*=34)	(*N*=77)	(*N*=113)	(*N*=112)	(*N*=153)	(*N*=181)	(*N*=203)	(*N*=215)	(*N*=256)
10.8	07.2	00.0	01.4	00.0	02.6	01.5	03.3	01.8	01.8

Note. For each survey year, the universe was restricted to respondents 16 years of age or older who (a) were asked about new training programs, (b) had attended a training program since date of last interview, (c) had participated in nongovernmental training programs, and (d) were employed at the time of interview

Table 9.13 Distribution (%, unweighted) of federal grant and loan recipients among training program participants between 1997 and 2002 ($N=190$) and between 2003 and 2006 ($N=282$) by type and sex

Any	Pell	SEOG	Stafford	Perkins	Work study	Scholarship	Other
1997–2002 Total ($N=190$)							
85.8	39.5	04.7	40.4	03.2	04.7	11.6	19.5
Males ($N=52$)							
81.4	25.7	02.9	45.6	01.4	05.7	10.0	20.0
Females ($N=63$)							
88.3	47.5	05.8	37.5	04.2	04.2	12.5	19.2
2003–2006 Total ($N=282$)							
91.1	51.1	02.1	41.8	01.8	01.4	05.0	29.8
Males ($N=98$)							
92.1	42.6	01.0	43.6	01.0	03.0	05.0	33.7
Females ($N=180$)							
90.6	55.8	02.8	40.9	02.2	00.6	05.0	27.6

9.3 Study Questions and Methods

9.3.1 Overview

This section relies on the NLSY97 to explore the educational and economic outcomes of those maturing youth who reported that they had participated in any one of a number of career and vocational/training programs between 1997 and 2002. It includes those who participated in STW programs, defined as a sequence of courses based upon an occupational goal. As noted in Sect. 9.2.2.1, the types of school-based learning programs included (a) career major, (b) cooperative education, (c) apprenticeship, (d) job shadowing, (e) mentoring, (f) school-sponsored enterprise, and (g) Tech Prep. The study reported here takes into account the formal training experiences of respondents outside their regular schooling. Types of organizations providing such training included (a) ABE, (b) apprenticeship program, (c) business or secretarial school, (d) community or junior college, (e) correspondence course, (f) formal company training run by employer, (g) GED program, (h) government training, (i) nursing school, (j) seminar or training outside work, (k) vocational rehabilitation center, (l) vocational, technical, or trade school, and (m) in round 1 only school-based program. Respondents were asked if any aspect of the training program was provided by a government program. Also, they were asked about student aid or loans, examples of which included Pell Grants, Stafford Loans, SEOG, or scholarships.

This study compares the educational and economic outcomes of participants in STW and other vocational/technical training programs outside regular schooling as well as those who participated in none of these job training initiatives between 1997 and 2002. Outcome measures including (a) highest grade completed, (b) number of years of additional schooling, (c) family income, (d) hours worked per week, and (e) individual wages were examined from 2003 by which time the vast majority of the cohort had completed high school, through 2006, the most recent year of available NLSY97 data at the time of this study.

The study in this chapter focuses exclusively on the NLSY97 because this cohort still had years of schooling ahead and benefitted from a broader array of vocational education and STW legislation than was unavailable to the NLSY79 cohort; for example, the STWOA of 1994 and the WIA of 1998, and the Trade Adjustment and Assistance Reform Act of 2002, among others. Earlier job training programs that were of benefit to NLSY79 respondents, such as MDTA (Manpower Development and Training Act of 1962 [P.L. 87-415]), CETA, and JTPA, had expired and/or had become or were becoming unavailable to maturing youth in the NLSY97 cohort, upon which the research in this chapter relies. As highlighted throughout Chap. 5, the role of government in job training had changed significantly from the 1980s, through the 1990s and beyond, with increased reliance on the private sector to provide work-related training programs in a variety of settings. Government bore some of the costs through grants, loans, and tax credits, but many costs were also paid directly by employers, families, and the youth as they matured, entered the labor market, and formed their own families.

9.3.2 Study Questions

The study reported in this chapter sought to answer the following questions about those in the NLSY97 who were found in Chap. 6 to be ever EITC-eligible persons and their families between 2003 and 2006:

1. How pervasive was career vocational/technical training program participation among these ever EITC-eligible persons during early adolescence and young adulthood?
2. What types of organizations provided the training to ever EITC-eligible career vocational/technical training program participants?
3. To what extent did ever EITC-eligible enrollees in career vocational/technical training program rely on government grants and loans?
4. What were the main reasons ever EITC-eligible persons enrolled in career vocational/technical training programs?
5. What background characteristics (for example, age, early socioeconomic status [SES], race/ethnicity, and sex) distinguished these ever EITC-eligible enrollees in career vocational/technical training programs from nonparticipants?
6. To what extent did these ever EITC-eligible enrollees in career vocational/technical training programs fare better on outcome measures of economic well-being and human capital, and on EITC eligibility and use?
7. To what extent did career vocational/technical training program participation among these ever EITC-eligible persons add to the explanatory power or

predictive capacity of economic well-being and human capital, and on the extent of EITC eligibility and use beyond that of background characteristics, when controlling for a variety of other factors?

9.3.3 Study Methods

9.3.3.1 Data and Sample

Data for this chapter came from the NLSY97, which was fully described in Chap. 6, Sect. 6.3.1.2., to which readers are referred for details. Suffice it to mention here, the NLSY97 was deemed particularly suitable for the study in this chapter because respondents comprised one of the last cohorts of youth in USA to benefit from STWOA and one of the first cohorts of youth to benefit from broader legislative initiatives passed in the 1990s and early 2000s. The panel and longitudinal nature of the NLSY97 afforded an opportunity to assess cumulative economic and other measures of well-being between 2003 and 2006 for the same respondents who had participated in career vocational/technical training programs during their early adolescent years between 1997 and 2002 compared to those who did not. In addition, given the focus of this entire volume on labor force attachment and use of government programs among low-income persons and their families, reliance on the NLSY97 made it possible to link participation in career vocational/technical training programs with subsequent participation in the EITC program.

The study sample ($N=4{,}153$) included NLSY97 respondents who participated in each survey year between 1997, the first year of data collection, and 2006, the most recent year of available data at the time of this study, and about whom all other information, except as noted, were available. A weight measure customized for those who participated in every survey year was used.

9.3.3.2 Measures

The main independent measure of concern, Job Training Program Participation Status (JTPPS), was derived from a series of questions, as indicated in Sect. 9.2.2.1, about participation in school-based learning programs and from another series of questions about enrollment in training programs based on the types of organizations providing the training (such as ABE, business or secretarial school, community or junior college, correspondence course, employer, GED program, government training, nursing school, and technical or trade school). Many respondents who participated in career, vocational, and job training programs participated in multiple programs concomitantly, yielding the measure JTPPS consisting of four of the five mixed categories of training participation: 1 = those who reported they participated in school-based, vocational/technical, and government programs; 2 = those in vocational/technical and government training programs; 3 = those who participated in school-based and vocational/technical training programs; 4 = those who participated in vocational/technical training programs only; and 5 = those who participated in no training programs (none). For purposes of regression analysis described in Sect. 9.3.3.3, dummy measures were created for each of the categories, with none (5) serving as the reference category.

There were three major categories of outcome measures: (a) economic well-being, (b) human capital, and (c) EITC related. Measures of economic well-being included wage and family income, each calculated as annual averages between 2003 and 2006. Annual wages and family income, when reported, were inflation adjusted and signified 2009 US dollars. Annual family income was expressed as income-to-poverty ratios (IPRs) based on annual Federal poverty levels for families of varying size, as previously detailed in Chap. 6, Sect. 6.3.2.2. Measures of human capital included (a) labor force attachment or weeks worked per year, (b) additional schooling, and (c) additional career, vocational/technical, or job training, each also calculated as an annual average between 2003 and 2006. Additional schooling signified the average number of years respondents reported that they were enrolled at the time of survey. Wage income, labor force attachment or weeks worked, and additional schooling represented economic and human capital returns to respondents resulting from individual efforts. On the contrary, family income, albeit in part influenced by the other three measures, signified a more general measure of well-being.

The use of averaged economic and human capital outcome measures moderated the variability associated with repeated measures of individual income, labor force attachment, and schooling, as well as family income. Respondents who reported no income from either work or family members over the entire period between 2003 and 2006 were assigned the nominal income amount of $1.00 respectfully to allow determination of averages since division by 0 is not possible. Those who reported no labor force attachment over the entire period between 2003 and 2006 were assigned the nominal value of 0.5 weeks worked also to allow for determination of average between 2003 and 2006.

There were two cumulative EITC-related outcome measures, and data for each that was obtained annually between 2003 and 2006: (a) number of years respondents were eligible for the EITC and (b) number of years respondents filed for the EITC. These were the same measures detailed in Chap. 6, Sect. 6.3.2.2.

Other study measures, most of which are self-explanatory, included (a) respondent's age, (b) race/ethnicity, (c) sex, (d) SES in 1997, (e) number of years of vocational technical training between 2003 and 2006, (f) number of children under 18 years of age in the household between 2003 and 2006, (g) region of residence in 2006, (h) urban residence in 2006, and (i) marital status in 2006. Dummy measures were created for SES in 1997 so that respondents fell into one of three categories as detailed in Chap. 6, Sect. 6.3.2.2: $\mathrm{IPR} \leq 1$ = poor; $1 > \mathrm{IPR} \leq 2$ = near poor; and $\mathrm{IPR} > 2$ = affluent. Years of schooling signified enrollment in school at the time of survey. Number of years of vocational technical training between 2003 and 2006 included training from any source or sponsor as detailed in Sect. 9.2.2. Marital status, region of residence, and urban residence were the same as detailed in Chap. 6, Sect. 6.3.2.2. Dummy measures were created for marital status in 2006, signifying whether a respondent was (a) married, (b) not married, cohabiting, or (c) single, not cohabiting (the reference category).

9.3.3.3 Procedures

Bivariate relationships were tested between the main independent measure of concern, JTPPS, and each dependent measure of economic well-being (average family income and average wage income), human capital (average number of years of additional schooling and average number of weeks worked), and EITC related (number of years EITC eligible and number of years EITC received). JTPPS was also tested for relationships with background sociodemographic characteristics including age, race/ethnicity, sex, and SES in 1997. ANOVA and Chi-square statistics were used accordingly to assess these bivariate relationships. Percentage distributions among nominal level measures (JTPPS, race/ethnicity, and sex) were based on a weight measure customized for those who participated in every survey year between 1997 and 2006 inclusive.

Hierarchical ordinary least squares (OLS) regression procedures were used to determine the predictive capacity of JTPPS for each dependent measure with which it was found to have a significant bivariate relationship. For each such outcome measure, the 1997 background measures found in the bivariate analyses to be significantly correlated were regressed as the first block and comprised Model A. The dummy JTPPS measures were entered as the second block and comprised Model B. As noted above, the category of none served as the reference category. Finally, the remaining control measures were entered as the third block and comprised Model C.

9.4 Findings and Implications

9.4.1 Findings

9.4.1.1 Descriptive Statistics

Nearly one-fourth (24.6%, weighted) of ever EITC-eligible respondents between 2003 and 2006 ($N = 4{,}153$) participated in some form of school-based or other training program between 1997 and 2002. Roughly half of those 1,048 had participated in both school-based learning and vocational/technical program outside of formal schooling (50.8%, $n = 524$), whereas more than an additional one-third participated only in vocational/technical programs (36.5%, $n = 381$). Nearly one-tenth participated in some form of school-based, other vocational/technical, or government training program (7.5%, $n = 87$). The remainder (5.2%, $n = 56$)

participated in vocational/technical or government training programs. Three-fourths (75.4%) had enrolled in neither type of training program between 1997 and 2002. A substantial minority (38.0%) of those who had enrolled in any type of training program between 1997 and 2002 participated in such programs in two of the six possible years, while nearly one-third (30.1%) participated in only 1 year, one-fourth (21.0%) in 3 years, and nearly one-tenth (8.4%) in 4 years, with the remainder having participated in either 5 (2.1%) or 6 (0.4%) years.

Among those in the study sample who participated in any school-based learning or vocational/technical program outside formal schooling and who provided information about organizational type of training between 1997 and 2002 ($N=1{,}046$), more than one-third (38.3%, weighted) went to trade school, one-fourth (25.7%) got employer-sponsored training at work, and slightly more than one-tenth (12.7%) were trained at a government site. Participation at other sites was significantly less, for example, apprenticeship (6.2%), at a business secretarial training site (6.1%), at GED sites (5.3%), at work but sponsored by someone other than employers (4.6%), at correspondence schools (4.5%), at community colleges (2.8%), or nursing program (2.2%).

Among those in the study sample who had participated in any school-based learning or vocational/technical program outside formal schooling and who provided information about funding sources between 1997 and 2002 ($N=975$), nearly two-fifths (38.2%, weighted, $n=415$) received government funds. A substantial majority (91.2%) of those in vocational/technical and government training programs (JTPPS category 2, $n=34$) received government funds, compared to slightly more than three-fourths (77.8%) of those participating in school-based, vocational/technical, and government programs (JTPPS category 1, $n=60$), more than one-third (36.5%) of those who participated in school-based and vocational/technical training programs (JTPPS category 3, $n=512$), and nearly one-third (30.1%) of those who participated in vocational/technical training programs only (JTPPS category 4, $n=369$).

Among those in the study sample who had participated in any school-based learning or vocational/technical program outside formal schooling while employed and who provided reasons why they participated in training programs between 1997 and 2002 ($N=371$), nearly half (46.2%, weighted) reported "necessary when began the job" as the main reason they participated in the training program, nearly one-fourth reported "promotion" (24.1%) or "upgrade skills" (23.6%) as the main reason, and nearly one-fifth reported "to obtain a license or certificate" (19.5%) as the main reason. There were no significant differences across JTPPS categories for each of these reasons. Only 3.8% reported "looking for a new job" as the main reason, with those participating in school-based, vocational/technical, and government programs (10.8%, JTPPS category 1) and in vocational/technical and government training programs (12.2%, JTPPS category 2) more likely to cite this reason than those who participated in school-based and vocational/technical training programs (2.2%, JTPPS category 3) or in vocational/technical training programs only (2.0%, JTPPS category 4).

9.4.1.2 Bivariate Statistics

About three-fourths of the entire study sample participated in no career or vocational/technical training programs across all nominal level characteristics (Table 9.14). These nonparticipation rates roughly approximated that of the NLSY97 population sample as a whole, as reported in Sect. 9.4.1.1. The major exception in the study sample was marital status in 2006. Single, noncohabiting persons had the highest percentage of nonparticipants (78.2%), while married persons had the lowest (69.3%).

Table 9.14 Sample characteristics: nominal level measures by Job Training Program Participation Status (JTPPS) (% weighted)

	JTPPS (N=4,153)[a]				
Characteristics	1 (n=88)	2 (n=56)	3 (n=523)	4 (n=381)	5 (n=3105)
Background					
Race/ethnicity	$\chi^2=28.66$, $p<.001$				
Black (non-Hispanic)	02.7	01.3	14.7	10.0	71.2
Hispanic	03.2	02.2	11.5	09.8	73.3
White (non-Hispanic)	01.4	01.1	12.1	08.6	76.7
Sex	$\chi^2=18.08$, $p<.01$				
Female	01.4	00.8	12.7	09.9	75.3
Male	02.3	01.8	12.3	08.0	75.5
SES in 1997	$\chi^2=4.40$, ns				
Poor (IPR ≤ 1)	02.3	01.0	14.5	09.4	72.8
Near poor (1 > IPR ≤ 2)	01.7	01.6	10.4	09.4	76.8
Affluent (IPR > 2)	01.8	01.3	12.6	08.8	75.6
Other					
EITC filer	$\chi^2=10.44$, $p<.05$				
No	01.6	00.7	12.0	07.7	78.0
Yes	02.0	01.5	12.7	09.6	74.1
Marital status in 2006	$\chi^2=32.12$, $p<.001$				
Married	03.1	01.4	14.4	11.7	69.3
Not married, cohabiting	01.6	02.1	13.0	09.4	74.0
Single, not cohabiting	01.4	01.0	11.5	07.8	78.2
Region of residence in 2006	$\chi^2=9.79$, ns				
Northeast	01.7	00.8	15.4	09.6	72.4
North Central	01.9	01.3	12.1	07.8	76.9
South	02.0	01.6	12.0	08.8	75.5
West	01.6	01.1	11.4	10.1	75.8

Note. Chi-square and p-values are based on distributions of unweighted data. [a]JTPPS categories: 1 = those who reported they participated in school-based, vocational/technical, and government programs; 2 = those in vocational/technical and government training programs; 3 = those who participated in school-based and vocational/technical training programs; 4 = those who participated in vocational/technical training programs only; and 5 = those who participated no training programs

As Table 9.14 also shows, distributional differences by job training participation program status (JTPPS) were found for race/ethnicity, sex, whether they ever filed for the EITC between 2003 and 2006, and marital status in 2006. Hispanics were more likely to participate in school-based, vocational/technical and government training programs than non-Hispanic Blacks or non-Hispanic Whites. Non-Hispanic Blacks, however, were more likely to participate in both school-based and vocational/technical training programs than non-Hispanic Whites or Hispanics. Men were more likely than women to participate in school-based, vocational/technical, and government programs and in vocational/technical and government training programs, and EITC filers were more likely to participate across all categories of job training programs, particularly in vocational/technical and government training programs where they were about twice as likely. Those who were married in 2006 were the most likely to participate across JTPPS categories with the exception of vocational/technical and government training programs, in which not-married, cohabiting persons were the most likely to participate (2.1% vs. 1.4% for married and 1.0% for single, not cohabiting).

Table 9.15 shows significant differences of ordinal level measures by JTPPS for one outcome measure of economic well-being (annual wages), for the three human capital measures (additional training, additional schooling, and labor force attachment), and for both EITC-related measures (number of years respondents were eligible for the EITC and number of years respondents filed for the EITC). In regard to economic well-being, the average annual wage of $17,000 between 2003 and 2006 of those who had not participated in any training was exceeded by every grouping of training program participation ($F=24.3$, $p<.001$). Those who participated in vocational/technical and government training programs reported the highest average annual wage, $23,600 over that period.

In regard to human capital, those who reported they participated in school-based, vocational/technical, and government programs; those in vocational/technical and government training programs; and those in vocational/technical training programs only between 1997 and 2002 reported the greatest amount of additional training between 2003 and 2006 than those who participated in no training programs ($F=8.6$, $p<.001$). Those without any career, vocational/technical training between 1997 and 2002, however, reported a greater amount of additional schooling between 2003 and 2006 than those who participated in vocational/technical training programs only and those who participated in school-based and vocational/technical training programs ($F=20.1$, $p<.001$).

Those who participated in school-based and vocational/technical training programs, those who participated in vocational/technical training programs only, and those who participated in no training programs had greater labor force attachment than those who reported they participated in school-based, vocational/technical, and government programs and those in vocational/technical and government training programs ($F=14.6$, $p<.001$).

In regard to EITC-related measures, those who participated in vocational/technical training programs only were EITC eligible for more years than those with no training of any kind (2.14 vs. 1.14 years, $F=5.3$, $p<.001$), though other groupings

Table 9.15 Sample characteristics: ordinal level measures by JTPPS[a] (% weighted, $N=4{,}153$)

Measures	1 ($n=88$)	2 ($n=56$)	3 ($n=523$)	4 ($n=381$)	5 ($n=3105$)	F Value	p Value	Post hoc[b]
Outcomes								
Economic well-being								
Average annual family income (IPR)	3.12(1.91)[c]	3.56(2.22)	3.30(2.53)	3.27(2.47)	3.36(2.59)	00.4	ns	
Average annual wage income (2009$$, thousands)	21.0(9.5)	23.6(12.0)	19.9(12.4)	20.2(11.6)	17.0(9.2)	24.3	***	2, 1, 4, 3>5
Human capital								
Additional training (average number of years)	0.63(0.89)	0.61(0.95)	0.44(0.82)	0.56(0.91)	0.37(0.73)	08.6	***	1, 2, 4>5; 4, 3, 5
Additional schooling (average number of years)	1.05(1.35)	0.88(1.32)	0.79(1.19)	0.80(1.21)	1.27(1.47)	20.1	***	5>4, 3; 5, 2, 1
Labor force attachment (average number of weeks worked)	31.55(17.88)	26.97(16.74)	39.04(13.77)	39.26(13.60)	38.06(14.06)	14.6	***	4, 3, 5>1, 2
EITC related								
Number of years EITC eligible	2.11(1.01)	2.23(0.99)	2.00(0.97)	2.14(1.03)	1.94(0.97)	05.3	***	4>5; 2, 4, 3, 1
Number of years filed for EITC	1.40(1.20)	1.41(1.17)	1.32(1.18)	1.49(1.27)	1.21(1.14)	06.1	***	4>5; 4, 2, 1, 3

(continued)

Table 9.15 (continued)

Measures	1 ($n=88$)	2 ($n=56$)	3 ($n=523$)	4 ($n=381$)	5 ($n=3105$)	F Value	p Value	Post hoc[b]
Controls								
Age	24.09 (1.27)	24.84(0.99)	24.23(1.39)	24.95 (1.04)	23.60 (1.38)	109.0	***	4,2,>1>5; 4,2>3,5
Number of years children in HH	1.31(1.60)	1.64(1.63)	1.46(1.67)	1.59(1.74)	1.13(1.54)	11.9	***	3, 4>5; 2, 3, 1
Others								
Highest grade completed in 2002	11.98 (1.21)	11.73(1.43)	12.17 (1.53)	12.19 (1.85)	12.04 (1.70)	01.1	ns	
Highest grade completed in 2006	12.78 (1.88)	12.32(1.92)	12.90 (2.10)	12.88 (2.53)	13.32 (2.50)	07.8	***	5>3, 4; 3, 2, 1

ns not significant

*$p<.05$; **$p<.01$; ***$p<.001$

Note. [a]JTPPS categories: 1 = those who reported they participated in school-based, vocational/technical, and government programs; 2 = those in vocational/technical and government training programs; 3 = those who participated in school-based and vocational/technical training programs; 4 = those who participated in vocational/technical training programs only; and 5 = those who participated no training programs

[b]Post hoc tests are statistically significant at the .05 level

[c]Values are expressed as mean (SD)

were comparable. A roughly similar pattern held for filing for the EITC: those who participated in vocational/technical training programs filed for the EITC for more years than those with no training of any kind (1.49 vs. 1.21 years, $F=6.1$, $p<.001$), and other groupings were also comparable.

As can be seen in Table 9.15, significant differences of ordinal level measures by JTPPS were found for age, number of years children were present in the household between 2003 and 2006, and the highest grade completed in 2006. The youngest respondents in the study sample were those who had no training (23.6 years of age), whereas the oldest were those who participated in vocational/technical training programs only (24.6 years old, $F=109.0$, $p<.001$). Those with no training also reported the fewest years with children in the household ($F=11.9$, $p<.001$), and they had completed the most years of formal schooling ($F=7.8$, $p<.001$).

9.4.1.3 Regression Statistics

As reported in Table 9.15, significant differences by JTPPS were found for one outcome measure of economic well-being (annual wages), for the three human capital measures (additional training, additional schooling, and labor force attachment), and for both EITC-related measures (number of years respondents were eligible for the EITC and number of years respondents filed for the EITC). Since no relationship was found between JTPPS and family income between 2003 and 2006, no further analysis of this outcome measure was warranted, although it was used as a control measure in the regression models for each of the other five outcome measures. Family income was found to have statistically significant but relatively weak correlations with each of the other outcome measures: (a) annual wages ($r=.208$, $p<.01$), (b) additional training ($r=.034$, $p<.05$), (c) additional schooling ($r=.134$, $p<.01$), (d) number of weeks worked ($r=.170$, $p<.01$), (e) number of years eligible for and aware of the EITC ($r=-.065$, $p<.01$), and (f) number of years filed for the EITC ($r=-.057$, $p<.01$).

Economic Well-Being

When controlling for background and other characteristics, JTPPS was a robust predictor of wages expressed in inflation adjusted 2009$$, one of two economic well-being outcome measures (Table 9.16). As Model C in Table 9.16 shows, career and vocational/technical program participants earned more than those who did not participate in such programs. Specifically, those who participated in school-based, vocational/technical, and government programs earned $2,600 more wages on average per year between 2003 and 2006 than those who did not participate in any career or vocational/technical training programs (**B** $=2{,}621$, $p<.01$). Those who participated in vocational/technical and government training programs earned about $3,400 more wages, on average, than those who did not participate in job training programs (**B** $=3{,}437$, $p<.01$); and those who participated in school-based

Table 9.16 OLS Regression Statistics: Average Annual Wage, Inflation Adjusted 2009 US$$

	Model A				Model B				Model C			
Measures	B	SE	Beta	*p* Value	B	SE	Beta	*p* Value	B	SE	Beta	*p* Value
Background (1997)												
Age	1997	103	.282	***	1865	108	.263	***	1363	111	.193	***
Race/ethnicity												
Black non-Hispanic	–1410	370	–.062	***	–1514	369	–.067	***	–.138	373	–.006	ns
Hispanic	1183	399	.048	**	1119	399	.045	**	1189	400	.048	**
SES												
Poor	–1778	395	–.074	***	–1780	393	–.074	***	–885	393	–.037	*
Sex (1=Male)	3347	296	.166	***	3314	293	.165	***	2857	298	.142	***
JTPPS categories												
1					2850	1024	.041	**	2621	964	.037	**
2					3700	1276	.042	**	3437	1200	.039	**
3					2034	450	.067	***	1479	424	.049	***
4					952	532	.027	ns	653	501	.019	ns
Controls												
Additional schooling									–1522	137	–.216	***
Additional training									694	179	.053	***
Ave family income (IPR)									9.89	0.51	.251	***

Marital Status												
Highest grade completed									218	83.9	.053	**
Married									2267	379	.093	***
Not married, cohabitating									1511	374	.059	***
Region of residence												
Northeast									2073	414	.076	***
West									1350	390	.057	**
Urban (1=Yes)									–792	343	–.033	*
F Value	95.24			***	60.92			***	60.66			***
Adjusted R^2	.120				.126				.232			

Note: With the exception of the main independent measure of interest, Job Training Program Participation Status (JTPPS), only statistically significant measures are shown. The JTPPS categories are: 1= those who reported they participated in school-based, vocational/technical, and government programs; 2= those in vocational/technical and government training programs; 3= those who participated in school-based and vocational/technical training programs; 4=those who participated in vocational/technical training programs only; and the referent or omitted category 5=those who participated in no training programs. The referent category for Race/ethnicity is "White non-Hispanic"; for SES in 1997, "Affluent"; for Marital Status, "Single, not cohabitating"; and for Region of Residence, "South."

$*p < .05$. $**p < .01$. $***p < .001$.

and vocational/technical training programs earned about $1,500 more wages, on average, than those who did not participate in job training programs (**B** = 1,479, $p < .001$).

The relative contribution or predictive capacity of JTPPS, however, was rather modest. As can be seen in Table 9.16 Model B (which excluded control measures), the addition of JTPPS to the background characteristics increased the explanatory power of Model A but was negligible: Model A accounted for 12.0% of the variability in wage income, while Model B accounted for 12.6%. The relative contributions of JTPPS categories 1, 2, and 3 (β = .041, .042, .67, respectively) were dwarfed by those of age (β = .263) and being male (β = .165).

Table 9.16 Model C shows that the most robust predictors of wage income were the background measures of age (β = .193) and being male (β = .142), and the control measures of average family income (β = .251) and additional schooling (β = −.216) between 2003 and 2006. Other robust predictors included (a) race/ethnicity (namely, being Hispanic, β = .048), (b) SES (namely, living in a poor family in 1997, β = −.037), (c) marital status (namely, being married in 2006, β = .093, and being not married/cohabiting, β = .059), (d) region of residence (namely, living in the Northeast, β = .077, and living in the West, β = .057), (e) additional training (β = .053), (f) highest grade completed (β = .053), and (g) living in an urban area (β = −.033).

Notably, men earned about $2,900 more per year between 2003 and 2006 than did women (**B** = 2,857, $p < .001$). Married and not married cohabiting persons earned $2,200 and $1,500 more per year than single noncohabiting persons (**B** = 2,267 and 1,511, $p < .001$, respectively). Each additional year in schooling decreased one's income by $1,500 per year (**B** = 1,522, $p < .001$), suggesting a tradeoff between increasing one's human capital, or potential earning capacity, at the expense of foregone income or current earning power. Each year of additional career or vocational/technical training, however, increased average annual wages by nearly $700 (**B** = 694, $p < .01$). Compared to White non-Hispanics, Hispanics earned nearly $1,200 more per year between 2003 and 2006 (**B** = 1,189, $p < .01$).

Human Capital

JTPPS was a robust predictor of each of the three human capital outcome measures, namely, additional training, additional schooling, and labor force participation expressed as average number of weeks worked per year between 2003 and 2006, when controlling for background and other characteristics (Tables 9.17–9.19). In regard to additional vocational/technical training (see Model C in Table 9.17), those who participated in school-based, vocational/technical, and government programs participated about one quarter of a year more, on average, between 2003 and 2006 than those who did not participate in any training programs (**B** = .244, $p < .01$), as did those in vocational/technical and government training programs (**B** = .227, $p < .05$), while those who participated in vocational/technical training programs only did so for a fifth of a year longer (**B** = .182, $p < .01$).

Table 9.17 OLS regression statistics: number of years of additional training between 2003 and 2006

	Model A				Model B				Model C			
Measures	B	SE	β	p Value	B	SE	β	p Value	B	SE	β	p Value
Background (1997)												
Age	.023	.008	.043	**	.011	.009	.019	ns	−.006	.010	−.011	ns
Race/ethnicity [b]												
Black non-Hispanic	.078	.030	.045	*	.071	.030	.041	*	.071	.032	.041	*
Hispanic	.075	.033	.040	*	.068	.033	.036	*	.045	.035	.023	ns
SES [c]												
Near poor	−.067	.031	−.037	*	−.067	.031	−.036	*	−.056	.032	−.030	ns
Poor	−.097	.032	−.053	**	−.096	.032	−.052	**	−.079	.034	−.043	*
JTPPS categories [a]												
1					.244	.084	.045	**	.244	.084	.045	**
2					.214	.105	.032	*	.227	.104	.034	*
3					.060	.037	.026	ns	.052	.037	.022	ns
4					.180	.044	.067	***	.182	.044	.068	***
Controls												
Additional schooling									−.045	.012	−.083	***
Highest grade completed									.218	83.9	.053	**
Marital status [d]												
Married									.069	.033	.037	*

(continued)

Table 9.17 (continued)

	Model A				Model B				Model C			
Measures	B	SE	β	p Value	B	SE	β	p Value	B	SE	β	p Value
Region of residence[e]												
North Central									−.079	.034	−.041	*
Urban (1 = yes)									.084	.030	.045	**
F Value	3.69**				5.07***				4.45***			
Adjusted R^2	.004				.010				.016			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p < .05$; **$p < .01$; ***$p < .001$

[a] The JTPPS categories are 1 = those who reported they participated in school-based, vocational/technical, and government programs; 2 = those in vocational/technical and government training programs; 3 = those who participated in school-based and vocational/technical training programs; 4 = those who participated in vocational/technical training programs only; and the referent or omitted category 5 = those who participated in no training programs

[b] The referent category for race/ethnicity is White non-Hispanic

[c] For SES in 1997, affluent

[d] For marital status, single, not cohabiting

[e] For region of residence, South

Table 9.18 OLS regression statistics: number of years of additional schooling between 2003 and 2006

	Model A				Model B				Model C			
Measures	B	SE	β	p Value	B	SE	β	p Value	B	SE	β	p Value
Background (1997)												
Age	−.247	.015	−.246	***	−.231	.016	−.230	***	−.179	.015	−.178	***
SES[a]												
Near poor	−.466	.054	−.137	***	−.470	.054	−.138	***	−.332	.053	−.097	***
Poor	−.631	.057	−.185	***	−.628	.056	−.185	***	−.417	.056	−.122	***
Sex (1 = male)	−.179	.042	−.063	***	−.182	.042	−.064	***	−.437	.043	−.153	***
JTPPS categories[b]												
1					−.060	.147	−.006	ns	.028	.141	.003	ns
2					−.043	.183	−.003	ns	.115	.175	.009	ns
3					−.325	.065	−.076	***	−.271	.026	−.063	***
4					−.149	.076	−.030	ns	−.097	.073	−.020	ns
Controls												
Additional training									−.077	.026	−.042	**
Average family income (IPR)									.000	.000	.036	*
Number of children < 18 years old in HH									−.215	.015	−.239	***

(continued)

Table 9.18 (continued)

Measures	Model A B	SE	β	p Value	Model B B	SE	β	p Value	Model C B	SE	β	p Value
Marital status[c]												
Cohabiting, not married									−.405	.054	−.111	***
Married									−.277	.055	−.080	***
Urban residence									.063	.050	.047	**
F Value	79.77***				50.80***				51.30***			
Adjusted R^2	.102				.107				.187			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p<.05$; **$p<.01$; ***$p<.001$

[a] The referent category for SES in 1997, affluent

[b] The JTPPS categories are 1 = those who reported they participated in school-based, vocational/technical, and government programs; 2 = those in vocational/technical and government training programs; 3 = those who participated in school-based and vocational/technical training programs; 4 = those who participated in vocational/technical training programs only; and the referent or omitted category 5 = those who participated in no training programs

[c] For marital status, single, not cohabiting

Table 9.19 OLS regression statistics: labor force attachment, average annual number weeks worked between 2003 and 2006

	Model A				Model B				Model C			
Measures	B	SE	β	p Value	B	SE	β	p Value	B	SE	β	p Value
Background (1997)												
Age	1.25	.152	.125	***	1.37	.158	.137	***	.996	.167	.100	***
Race/ethnicity [a]												
Black non-Hispanic	−2.04	.544	−.064	***	−1.94	.541	−.061	***	−.891	.567	−.028	ns
Hispanic	1.07	.588	−.064	ns	1.32	.548	.038	*	2.50	.606	.072	***
SES [b]												
Near poor	−1.56	.557	−.046	**	−1.53	.553	−.045	**	.358	.554	.011	ns
Poor	−5.01	.508	−.148	***	−5.07	.576	−.150	***	−2.31	.595	−.068	***
Sex (1 = male)	1.33	.432	.047	**	1.52	.430	.053	***	.478	.452	.017	ns
JTPPS categories [c]												
1					−6.81	1.50	−.069	***	−6.17	1.16	−.062	***
2					−13.23	1.87	−.108	***	−11.87	1.82	−.097	***
3					.410	.659	.010	ns	.630	.641	.015	ns
4					−.490	.779	−.010	ns	.190	.759	.004	ns
Controls												
Additional schooling									−1.63	.207	−.163	***
Average family income (IPR)									.007	.001	.117	***
Highest grade completed									1.21	.127	.209	***

(continued)

Table 9.19 (continued)

	Model A				Model B				Model C			
Measures	B	SE	β	p Value	B	SE	β	p Value	B	SE	β	p Value
Children in HH, number of years									−.998	.163	−.112	***
Marital status[d]												
Cohabiting, not married									−.003	.566	.034	*
F Value	34.28***				27.98***				27.28***			
Adjusted R^2	.046				.061				.122			

Note. With the exception of the main independent measure of interest, JTPPS, only statistically significant measures are shown

*$p<.05$; **$p<.01$; ***$p<.001$

[a] The referent category for race/ethnicity is White non-Hispanic

[b] For SES in 1997, affluent

[c] The JTPPS categories are 1 = those who reported they participated in school-based, vocational/technical, and government programs; 2 = those in vocational/technical and government training programs; 3 = those who participated in school-based and vocational/technical training programs; 4 = those who participated in vocational/technical training programs only; and the referent or omitted category 5 = those who participated in no training programs

[d] For marital status, single, not cohabiting

Due to the strong correlation between additional schooling between 2003 and 2006 and the highest grade completed by 2006 ($r=.647$, $p<.001$), highest grade completed and additional schooling were excluded from the regression analysis. As Model C in Table 9.18 shows, those who participated in vocational/technical and government training programs between 1997 and 2002 (**B**=.381, $p<.01$) enrolled in more years in school between 2003 and 2006 than did those who participated in no career and vocational/technical training programs, whereas those who participated in school-based and vocational/technical training programs enrolled in fewer years of school (**B**=−.131, $p<.01$) than those who participated in no such programs. In regard to labor force attachment, as Model C in Table 9.19 shows, those who participated in school-based, vocational/technical, and government programs (**B**=−6.17, $p<.001$) and in vocational/technical and government training programs worked less (**B**=−11.87, $p<.001$) than those who participated in no such programs.

The relative contribution or predictive capacity of JTPPS, however, was rather modest for each of the three measures of human capital. As shown in Table 9.17 Model B, the addition of JTPPS to the background characteristics increased the explanatory power of Model A but was negligible: Model A accounted for 0.4% of the variability in additional years of training, while Model B accounted for 1.0%. As can be seen in Table 9.18 Model B, the addition of JTPPS to the background characteristics increased the explanatory power of Model A but was also negligible: Model A accounted for 10.2% of the variability in additional years of schooling, while Model B accounted for 10.7%. The addition of JTPPS to the background characteristics increased the explanatory power of Model A but was also negligible (Table 9.19 Model B). Model A accounted for 4.6% of the variability in average number of weeks worked, while Model B accounted for 6.1%.

Table 9.17 Model C shows that among background characteristics, the most robust predictors of additional training were residing in a poor family in 1997 ($\boldsymbol{\beta}$=−.043) and being Black non-Hispanic ($\boldsymbol{\beta}$=−.041). As can be seen in Table 9.18 Model C, the most robust background predictors of labor force attachment were age ($\boldsymbol{\beta}$=.100), being Hispanic ($\boldsymbol{\beta}$=.072), and living in a poor family in 1997 ($\boldsymbol{\beta}$=−.068).

The addition of control measures had little effect on the overall explanatory power beyond that of background and job training participation for additional training, but they nearly doubled the explanatory power for additional schooling, and that for labor force attachment. As can be seen in Table 9.17 Model C, the full model accounted for 1.6% of the variability in the number of additional years of participation in training programs, compared to 1.0% for Model B. As shown Table 9.18 Model C, however, the full model accounted for 18.7% of the variability in the average number of years of schooling between 2003 and 2006, compared to 10.7% for Model B. Table 9.19 Model C shows, however, that the full model accounted for 12.2% of the variability in the average number of weeks worked between 2003 and 2006, compared to 6.1% for Model B.

Although all statistically significant measures had relatively modest predictive capacity on additional training between 2003 and 2006 (see Table 9.17 Model C), additional schooling had the greatest effect ($\boldsymbol{\beta}$=−.083), albeit inversely related.

More formal schooling resulted in less participation in training program on average (**B** = –.045, $p < .001$). Having completed more years of formal schooling, however, was found to be positively related to additional training (**B** = .218, β = .053 $p < .01$). Urban residents (**B** = .084, β = .045, $p < .01$) and married youth (**B** = .069, β = .037, $p < .05$) also were found to be positively related to additional training compared to nonurban and single, noncohabiting youth, respectively. Those residing in North Central USA participated in training for fewer years between 2003 and 2006 than did those residing in the South (**B** = –.079, β = –.041, $p < .05$).

Table 9.18 Model C shows that those who participated in school-based and vocational/technical training programs between 1997 and 2002 reported fewer years of formal school enrollment between 2003 and 2006 than those who did not participate in any training programs between 1997 and 2006 (**B** = –.271, β = –.063, $p < .001$). No other JTPPS category was sufficiently robust beyond background and other factors to predict additional school enrollment. The most robust predictor was the control measure, number years between 2003 and 2006 with children under 18 years of age in the household: the more years with such children, the fewer years of school enrollment (**B** = –.215, β = –.239, $p < .001$). Age was found to be inversely related to additional schooling (**B** = –.179, β = –.178, $p < .001$) and men enrolled in schooling for fewer years than did women (**B** = –.437, β = –.153, $p < .001$). SES also was related inversely to schooling: Both poor (**B** = –.417, β = –.122, $p < .001$) and near poor (**B** = –.332, β = –.097, $p < .001$) enrolled in fewer additional years of schooling between 2003 and 2006 than did more affluent youth. Compared to single, noncohabiting youth, cohabiting unmarried (**B** = –.405, β = –.111, $p < .001$) and married (**B** = –.277, β = –.080, $p < .001$) youth also enrolled in school fewer years between 2003 and 2006. Those who pursued additional training also enrolled in fewer years between 2003 and 2006 (**B** = –.077, β = –.042, $p < .01$). Finally, urban residents in 2006 enrolled in school more years between 2003 and 2006 than nonurban youth (**B** = .063, β = .047, $p < .01$).

Highest grade of completed formal schooling was the most robust predictor of labor force attachment, and the relationship was positive (Table 9.19 Model C). Each additional year of completed schooling between 2003 and 2006 resulted in an increase of 1.2 weeks of work per year on average (**B** = 1.21, β = .209, $p < .001$). Attending school, however, was found to have an inverse relationship with labor force attachment: each additional year of school enrollment between 2003 and 2006 resulted in a decrease of 1.6 weeks of work on average (**B** = –1.63, β = –.163, $p < .001$). Each additional year a child under 18 years of age was in the household also resulted in a decrease in labor force attachment, of nearly 1 week per year (**B** = –.998, β = –.112, $p < .001$). Finally, those who were cohabiting but not married in 2006 had less labor force attachment than those who were married (**B** = –.003, β = –.034, $p < .05$).

EITC Related

JTPPS was found to have no predictive ability for either of the two EITC-related outcome measures (eligibility and filing), when controlling for background and other characteristics. The addition of the job training measures to the background characteristics accounted for 3.8% of the variability of the number of years of EITC eligibility, compared to 3.7% of the background characteristics only. No differences were found between any category of job training participants and nonparticipants between 2003 and 2006.

The addition of the job training measures to the background characteristics accounted for 4.3% of the variability of the number of years filing for the EITC by those eligible, compared to 4.2% of the background characteristics only. Those who participated in vocational/technical training programs only between 1997 and 2002 were found to file for the EITC between 2003 and 2006 more than those who did not participate in any kind of training program (**B** = .156, $\boldsymbol{\beta}$ = .039, $p < .05$), when controlling for background characteristics. This effect was lost, however, when controls were added to the model. Given these findings, no further analysis was warranted, or tables shown.

9.4.2 Study Implications

9.4.2.1 The Mixed Impact of Participation in Career and Vocational/ Technical Training Programs

On the whole, findings of this study suggest that among ever EITC-eligible youth, participating in career and vocational/technical training programs during high school and postsecondary school years has mixed effects on economic well-being and human capital as adolescents and young adults enter the labor market and form their own families. There is no impact on filing for the EITC. Background and sociodemographic factors also remain robust predictors. Nonetheless, when controlling for background and other factors, participating in career and vocational/technical training programs does make a difference. Outcome differences in part depend on the combination of programs in which ever EITC-eligible adolescents and young adults participated, particularly if some of those programs were government training programs.

JTPPS Category 1 and 2 Participants: Higher Income from Wages, More Additional Training, and Less Work

Two of the five categories that made up JTPPS included participation in government training programs, category 1 and category 2. Category 1 included those who participated in a combination of school-based, vocational/technical, and government programs, whereas Category 2 included those who participated in a combination of vocational/technical and government training programs. Compared to those who participated in no career and vocational/technical programs between 1997 and 2002, JTPPS category 1 and 2 participants earned 2,600–3,400 inflation-adjusted dollars more a year, on average, between 2003 and 2006, and they also accumulated more years of additional training when controlling for background and other measures. They also earned higher annual wages and accumulated more additional training vis-à-vis nonparticipants than did JTPPS category 3 participants, that is, those who participated in school-based and vocational/technical training programs, who earned about 1,500 dollars more; and category 4 participants, that is, those who participated in vocational/technical training programs only, who earned about $650 more per year.

These findings contrast with those reported in Chap. 8, Sect. 8.6.2.1.1 for the NLSY79 cohort; namely, those enrolling in a combination of government training and school-sponsored vocational/technical job training programs (G-P-S) fared worse economically, both in terms of family income and wage income, than those who had enrolled in no training programs. *Findings for the NLSY97 cohort reported in this chapter suggest that government training programs resulting from two decades of policy changes aimed at integrating job training with formal academic coursework and increasing reliance on private sector to deliver the training pay off.* Job-related earnings are likely to be higher. Although family economic well-being is neither better nor worse than that of those without career and vocational/technical training, this finding nonetheless signifies improvement from the previous generation of youth as represented in NLSY79.

It should be noted, however, that as JTPPS category 1 and 2 participants reported higher annual wages between 2003 and 2006 than those who participated in no training programs, they worked less, on average, per year, even as they accumulated additional training. Given that no relationship was found between JTPPS and additional formal schooling, these findings suggest that the increased earning capacity of JTPPS category 1 and 2 maturing youth afforded them the luxury, so to speak, of seeking additional training and/or engaging in nonlabor market activities, such as spending time with family or in other leisure pursuits.

JTPPS Category 4 Participants: Additional Training

Findings of the study indicate that participating in JTPPS category 4, that is, vocational/technical training programs only, subsequently increases one's participation in career and vocational/technical training programs compared to that of those who participated in no such programs during their formative adolescent and young adulthood years and when controlling for a variety of background and other factors. Vocational/technical training programs only participants tend to be older than those in other JTPPS categories. Those in JTPPS category 4 also have more completed years of formal education by the time most of the cohort had completed schooling, entered the labor force, and began starting their own families. JTPPS category 4 participants maintain this educational advantage by accumulating additional formal education. These findings suggest that participation only in vocational/technical programs and grade-level completion in one's formative years, especially high school, have cumulative, ongoing positive effects on human capital.

9.4.2.2 The Importance of Background and Sociodemographic Characteristics

Although the main focus of the study reported in this chapter was to discern the relative importance of career and vocational/technical training program participation on economic well-being and human capital outcome measures, the more robust relative contributions of sociodemographic and other factors warrant a brief discussion at this point. This is particularly the case in regard to background factors of class, race/ethnicity, and sex, and in regard to control measures of marital status, presence of children under 18 years of age in the household, and urban residence, each of which affected economic well-being and human capital development.

The Significance of Class, Race/Ethnicity, and Sex

Background SES, especially poverty, consistently predicts more adverse economic well-being and human capital outcomes than is the case for those residing in affluent families, defined in this study as those with total family income above twice official Federal poverty thresholds. These adverse outcomes occur regardless of accumulated job and vocational/technical training and educational attainment. Although men and women have similar outcomes in regard to additional career and vocational/technical training when background and other factors are taken into account, women pursue more years of additional formal schooling than men. This finding is consistent with the trend in USA since the 1990s in regard to females outnumbering males in enrollment at both undergraduate and graduate levels of education (Shin, 2005; U.S. Census Bureau, 2010). Compared to non-Hispanic Whites, Hispanics have greater labor force attachment, all else being equal, whereas non-Hispanic Blacks pursue more additional training. Although the study reported here is based on microlevel or individual data, class, race/ethnicity, and sex signify structural aspects of society, and findings highlight the importance of class as an impediment to economic well-being and human capital development.

The Impact of Marital Status, Presence of Children Under 18 Years of Age in the Household, and Urban Residence

Finally, compared to single, noncohabiting women, married women pursue more additional career and vocational/technical training but less formal schooling, whereas cohabiting unmarried women also pursue less formal schooling and they have less labor force attachment when controlling for background and other factors, including the presence of children under 18 years of age in the household. These findings suggest that unattached single women are more likely to enhance their human capital by seeking higher levels of formal education and by extension of the more traditional degrees such as bachelor's of arts and science, master's of arts/business/social work or other professional degree, or doctorates rather than vocational/technical certificates. Urban residents tend to fare better on the outcome measures, additional training and additional schooling, suggesting that the nation's cities continue to afford human capital advantages to young adults entering the labor market and forming their own families.

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Chapter 10
Policy Challenges Ahead

10.1 Overview

Social provisioning benefitting low-income working families at the beginning of the twenty-first century face formidable obstacles in light of the collapse of the housing market and the accompanying financial crisis that began at the end of 2007 and continued through much if not all of 2009 (the official month or quarter marking the end of the recession has yet to be announced at the time of this writing in early 2010) (Federal Reserve Bank of Minneapolis, 2010). A primary political concern at the national level is job creation, as the unemployment rate hovers around 10% and as millions of unemployed persons, especially men in general and Black males in particular, face the prospect of ever longer spells of joblessness. In January 2010 some 6.3 million Americans were unemployed for 6 months or longer, the largest number since 1948 when the government began keeping track (Goodman, 2010a; Hennepin County, 2002; Myers, 2006; Office of Management and Budget [OMB], 2010). A related concern further complicating the prospects for social provisions benefitting low-income working families is the federal deficit, 10.6% of GDP in 2010, the highest percentage since 1946 (it peaked at 28.1% in 1943 during World War II) (Chantrill, 2010), along with the national debt, $12 trillion deeper than in 2001 (OMB, 2010).

This chapter focuses on a range of policy options aiming to benefit low-income working families. It does so with the realization that policymaking is a political process of compromises subject to influences of competing interest groups, party loyalties, state and local level constituent interests, and, as Besharov (2009) notes, reflective of conflicting, sparse, inconclusive, or nonexistent, related evidence. These process-related aspects of policymaking are not dealt with here and are appropriate subject matter of a different type of text. This chapter examines product-related aspects of policymaking; that is, initiatives of the Obama administration to benefit low-income working families. At present, the Obama administration confronts the U.S. emerging from the 2007 recession and a Congress characterized as paralyzed by partisan politics (Anonymous, 2010), making it exceptionally difficult to pass legislation. It must be kept in mind, as Herbst (2008) documents, that policies have different employment and welfare use outcomes depending on the state

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of the economy, by extension making appeals to enhance the likelihood of political agreement on expanding existing or promoting new policies problematic in economically troubling times. On the whole, however, despite such variation across policy “carrots and sticks,” levels of work intensity, and subsamples of single mothers, Herbst tentatively concludes that a strong economy reinforces the positive incentives created by social policy reforms. This is important given that the Obama administration has placed job creation and employment at the forefront of the administrative agenda.

Section 10.2 of this chapter explores universal strategies linking education and workforce development. In particular, Sect. 10.2.2 focuses on the key “carrot” or incentive provisions of The American Recovery and Reinvestment Act of 2009 (P.L. 111-5, ARRA), which became law on February 17, 2009 within a month after President Obama assumed office. ARRA is the main legislative initiative of the Obama administration to get the U.S. economy out of the recession. It is designed to enhance the prospects of low-income and middle-class families to improve their economic well-being. Section 10.2.3 discusses a related education and training measure of the Obama administration; namely, the American Graduation Initiative (AGI), which was formally introduced as Title V of The Student Aid and Fiscal Responsibility Act of 2009 (H.R. 3221), passed by the House of Representatives on September 17, 2009 but left languishing in the Senate. Section 10.3 discusses modifications to existing programs and initiatives such as minimum wage legislation, and it explores alternative labor market polices such as living wage initiatives and the ever-elusive guaranteed income.

10.2 Universal Strategies: Education and Workforce Development

10.2.1 Overview

This section examines ARRA and AGI in light of the Obama administration’s response to the fiscal crisis of 2007–2009. In the pursuit of job creation, both measures link workforce development and education with explicit incentives to encourage college education, particularly at the community or 2-year college level with its emphasis on skill training. The idea of lifelong learning, discussed in Chap. 7, Sect. 7.3.5.1, is implicit in both measures which in turn are premised on the increasing realization that college-educated persons are better suited to look after themselves in a turbulent economy and to rely less on government subsidization (Easterbrooke, 2009). Promoting college education runs the risk of overeducating the workforce even in a knowledge-based economy. Overeducation, however, is reported to be more common among Whites than Blacks and among men than women (Rubb, 2002), although the gender-related pattern may be changing in light of increasing numbers of women who are attending and graduating from college.

In tight labor markets overeducated persons are better suited to pursue better jobs and in loose markets the enhanced prospect of having a job in which one feels dissatisfied due to insufficient or related challenges might easily be viewed as better than being unemployed.

10.2.2 The American Recovery and Reinvestment Act of 2009

Signed by President Obama on February 17, 2009, The ARRA of 2009 (P.L. 111-5) was intended to create and preserve jobs, promote the nation's economic recovery, and assist those most impacted by the recession. Division A of ARRA had twelve appropriation titles and Division B had seven tax, unemployment, health, state fiscal relief, and other provision titles. Division A Title VIII of ARRA provided $3.9 billion for "Training and Employment Services" for activities under the Workforce Investment Act of 1998 (P.L. 105-220, WIA) as amended to incorporate the Green Jobs Act of 2007 (P.L. 110-140). Under ARRA these activities included $500 million in the form of grants to states for adult employment and training activities, $1.2 billion for grants to states for youth activities, including summer employment, $1.25 billion for grants to States for dislocated worker and employment and training activities, and $750 million to the Department of Labor for a program of competitive grants for worker training and placement in high growth and emerging industries (U.S. Congress, 2009; U.S. Department of Labor, 2009a, b). ARRA reaffirmed the service coordination and integration efforts of WIA, making use of Workforce Investment Boards, One-Stop centers, and other community-based organizations, and education and training institutions, especially community colleges under the "Community College and Career Training Grant Program."

Division B of ARRA provided $288 billion in tax benefits, of which $92.8 billion was paid out as of February 2010 (Devaney, 2010). Included in the tax benefits were provisions for three tax credits (that is, dollar for dollar reductions in income taxes): (a) the Making Work Pay (MWP) tax credit, a refundable tax credit providing 6.2% of earned income to the taxpayer, up to $400 for individuals and $800 for married couples, and covering about 95% of U.S. workers, (b) expansion of the Earned Income Tax Credit (EITC) targeting low-income married couples and families with children, and (c) the American Opportunity Tax Credit (AOTC) which expanded tax credits for college education and offered the credit to a wider range of families (Middle Class Task Force, n.d.). MWP was effective for tax year 2009 and was set to expire after December 31, 2010. In regard to the EITC, taxpayers with three or more qualifying children were eligible for a tax credit percentage of 45% rather than 40%, applicable in tax years 2009 and 2010.

AOTC increased the amount of the $1,800 HOPE Scholarship Credit equal to 100% of the qualified tuition and related expenses, not to exceed $2,000 and 25% of such expenses as exceeds $2,000 but does not exceed $4,000. The HOPE Credit was available only for the first 2 years of postsecondary education and had paid for 100% of the first $1,200 of qualified educational expenses (for example, student activity fees) and then 50% of the second $1,000 of qualified educational expenses (Internal Revenue Service [IRS], n.d.). Eligible students (oneself, spouse, or dependent for whom one declares as a tax exemption) were those pursuing an undergraduate degree or other recognized educational credential, enrolled for at least half time for at least one academic period, and a nonclaimant of the credit in more than one previous year. The phase out range for the HOPE Scholarship Credit in 2009 had a lower limit of a modified adjusted gross income of $50,000 and an upper limit of $60,000 for single tax filers and a lower limit of $100,000 and an upper limit of $120,000 for married joint tax filers (married separate tax filers were ineligible, as were those who claimed the lifetime learning credit or a tuition and fees deduction for the same student, or claimed the AOTC for any student).

ARRA also made available $17.1 billion for Pell Grants, enough to increase the maximum amount of the grant from $4,310 for academic year 2007–2008 to $5,350 for fiscal year 2009–2010 and to $5,550 for fiscal year 2010–2011 (ACTE, 2009). Pell Grants, named after Senator Claiborne Pell (D-RI) chair of the Education Subcommittee and who introduced the bill, were initially launched in 1972 when Congress reauthorized the Higher Education Act of 1965 (HEA, P.L. 89-329) and created the Basic Educational Opportunity Grant (BEOG) to help low-income students go to college (Gladieux, 1998). Pell Grants faced a variety of budget challenges throughout the 1980s and 1990s, with the value of the maximum award declining by 40% in inflation-adjusted terms between the 1975 and 1976 academic year to the 1995 and 1996 academic year and with the appropriated maximum grant as a share of average cost of attendance at private 4-year colleges declining by about 50% over the same period (Wolanin, 1998). Nonetheless, over its history, Pell Grants remained available to low-income students, as well as to those from moderate- and middle-income families. The Pell Grant remained a voucher that students applied to a broad range of educational institutions, including 2- and 4-year colleges, as well as several thousand for-profit institutions most of which offer short-term occupational training programs.

With passage of the College Cost Reduction and Access Act (CCRAA, P.L. 110-84) in 2007, Congress, as part of a $20 billion student-aid reform package, eliminated the provision of HEA that had prevented Pell Grant recipients from receiving their full award (that is, those attending low-tuition institutions of higher education even if their incomes were otherwise low enough to qualify for the grant; National Association of Student Financial Aid Administrators [NASFAA], 2007). CCRAA had reauthorized the Pell Grant Program for fiscal years 2008 through 2017 and authorized grant increases by $490 for the 2008–2009 and 2009–2010 award years, by $690 for the 2010–2011 and 2011–2012 award years, and by $1,900 for the 2012–2013 award year.

Pell Grants constituted by far the largest single federal education grant expenditure in academic year 2008–2009, amounting to $18 billion of a total of $24.8 billion, and it enjoyed the second highest 10-year percentage increase of all federal education grants, 87%, bested only by the much smaller $64 million Leveraging Educational Assistance Partnership (LEAP) program's 91% increase (College Board, The, 2009). The number of recipients grew by 33% from 3.9 million to 5.1 million over the 5 years from 1998–1999 to 2003–2004 and by 19% to 6.1 million in 2008–2009. In 2007–2008, 62% of dependent Pell Grant recipients came from families with incomes below $30,000, a sharp contrast to the 21% of all dependent undergraduates who came from families with incomes below $30,000. About 20% of Pell Grant recipients came from families with incomes between $30,000 and $40,000. In 2007–2008, of all full-time equivalent undergraduate students, 31% attended 2-year or community college institutions and of these 30% were recipients of Pell Grants contrasted with the 41% who attended 4-year institutions of whom 34% were Pell Grant recipients. The 9% of undergraduates in for-profit institutions received 21% of Pell Grants.

10.2.3 The American Graduation Initiative and the Role of Community Colleges

About 6 months after taking office, President Obama (2009) announced the AGI, in which 2-year community colleges were to play a pivotal role in meeting short-term goals of increasing the opportunity for those high school graduates out of work, but without a college degree, to obtain new job skills while obtaining an Associate of Arts Degree and to more successfully seek gainful employment. AGI and community colleges also had the longer term goal of enhancing the competitiveness of the U.S. workforce in general by increasing the percentage of those who began postsecondary education in 2-year colleges and transferred to 4-year colleges but who fell short of graduating and not obtaining a Bachelor's degree (Gush, 2009).

Projected job growth through 2014 provided added plausibility to AGI: of some 8.8 million new jobs, only one fourth (19.7%) were deemed to require a bachelor of arts degree; nearly one third (30.6%) associate's degrees, certificates, or medium-term training (such as nurses, heavy truck drivers, maintenance repair, medical assistants, carpenters, nurses aids, customer service, sales representatives and the like). Nearly half (49.8%) were jobs requiring short-term training (College Board, The, 2008, p. 21). Further projections also supported AGI. Those graduating with an associate's degree were projected to face a 19% increase in employment between 2008 and 2018, better than any other education or training category, including those graduating with a master's or other first professional degree (18% each), bachelor's or doctoral degrees (18% each), or postsecondary vocational award (13%, U.S. Bureau of Labor Statistics [BLS], 2009).

The challenge to AGI was to raise completion rates (either degree or certificate), reported to be about 36% within 6 years of enrollment in college (Bailey, Jenkins, & Leinbach, 2007). The appropriateness of graduation or completion rates was contested, as Bailey et al. noted, given the multiplicity of reasons students have for enrolling in community colleges (such as, sampling a college because it is close to home, wanting specific job skills, or personal enrichment) and the racial/ethnic gap with Blacks and lower-income students less likely to complete than White or more affluent students despite reason to enroll (Bailey, Jenkins, & Leinbach, 2006).

With AGI and the promotion of community colleges as the conduit to education and training opportunities, President Obama announced the “down payment” on reaching the goal of the highest college graduation rate in the world by 2010. By one account, in 2008, the U.S. ranked 14th of 24 Organization for Economic Cooperation and Development (OECD) member nations (Ranking America, 2008). And, graduation rates were lower for low-income (<200% of the poverty line) and minority (Black, Hispanic, or Native American) students compared to White students, whether at 2-year community colleges (24% vs. 38%) or 4-year colleges (45% vs. 57%) among entering freshmen, respectively (de Vise, 2009; National Association of System Heads, 2009; also, see Kelly, Schneider, & Carey, 2010). For community colleges, this meant potentially an additional five million graduates who earned certificates or associate’s degrees, or went on to graduate from 4-year colleges or universities (White House, The, Office of the Press Secretary, 2009). Subsequent to President Obama’s announcement of AGI, 17 states formed an alliance, known as Complete College America, to improve college completion rates (Lederman, 2010a). Five major foundations joined Complete College America’s efforts: Carnegie Corporation of New York, Ford Foundation, Bill & Melinda Gates Foundation, W. K. Kellogg Foundation, and Lumina Foundation for Education (Complete College America, 2010; States Band Together, 2010). The State of Tennessee passed legislation, which Democratic Governor Phil Bredesen signed on January 27, 2010, allowing 4-year institutions to partner with community colleges to provide remedial or developmental courses and required the Tennessee Board of Regents (TBR) to create a unified system of community colleges throughout the State (TBR, 2010).

President Obama’s AIG initiative was based on an impressive array of information about the extensive research of community colleges, much of which had been a well-kept secret or overlooked asset in the U.S. (College Board, The, 2008; Mellow, 2000). In 2008, the most recent date such extensive information was available, there were more than 1,100 regionally accredited community colleges in the U.S., most (987) of which are public institutions (American Association of Community Colleges, n.d.). Nearly half (46%) of all undergraduates in the U.S. attended community colleges, which enrolled about 11.5 million students, more than half (6.5 million) of whom were in programs for credit. The majority (60%) of students were women and nearly one fifth (17%) were single parents. Minority representation roughly mirrored that of the U.S. as a whole: Blacks made up 13%, Hispanics, 15%, and Asian/Pacific Islanders, 6%. Of all undergraduates in the U.S., however, minority representation was skewed: Blacks, 46%, and Hispanics, 55%. Slightly more than one fourth (27%) of full-time students were also employed full time, and half of full-time students were employed part time. Nearly half (47%) of all community college students received some type of financial aid; nearly one fourth (23%) were recipients of federal grants, one tenth (11%) federal loans, and slightly more than one tenth (12%) were recipients of state aid. In the form of Pell Grants, community colleges received more than one third (34%) of all federal aid. The American Association of Community Colleges (n.d.) also claimed that nearly all (95%) businesses and organizations that employ community college graduates recommend community college workforce education and training programs; that the average expected lifetime earnings for a graduate with an associate's degree are $1.6 million, about $.4 million more than a high school graduate earned; and that more than half (59%) of new nurses and the majority of other new health care workers were educated at community colleges. In addition, they certified nearly 80% of "first responders" in the U.S., including police officers, fire fighters, and emergency medical technicians, awarding more than 800,000 associate degrees and certificates annually (College Board, The, 2008, p. 16).

Implicit in President Obama's announcement of AGI at Macomb Community College in Warren, Michigan on July 14, 2009 was the idea of lifelong learning, an idea that received more resonance in the European Union than in the United States (Annette, 2009; Field, 2006). As noted in Chap. 7, Sect. 7.3.5.1, however, President Clinton and Congress had promoted the concept of lifelong learning with passage of the Taxpayer Relief Act of 1997 (P.L. 105-34) which provided for Lifetime Learning Credits. A subsequent effort, the Universal Higher Education and Lifelong Learning Act of 2007 (S. 1501), however, stalled in Congress (Redden & Lederman, 2007). Nonetheless, President Obama's singling out several individuals who had returned to school, specifically to Macomb Community College, to retool; that is, to obtain new skills and an Associate of Arts degree or certificate, and who subsequently found gainful employment, suggested that the idea of lifelong learning had become a reality in the lives of many working citizens and that, with ARRA and AGI, government had a responsibility to promote the idea with concrete initiatives.

AGI was formally introduced into Congress by Representative George Miller (D-CA) on July 15, 2009 as Title V of The Student Aid and Fiscal Responsibility Act of 2009 (H.R. 3221). The bill survived an amendment (H.AMDT.430) by Representative Virginia Fox (R-NC) to strike AGI entirely and to put the savings toward deficit reduction, while retaining privacy provisions applicable to the entire bill (House of Representatives, 2009). Although H.R. 3221 was passed by the House of Representatives on September 17, 2009, it was left languishing in the Senate as the first session of the 111th Congress ended. Early in the second session of the 111th Congress, Democratic leaders, however, were agreed to bundle the bill into an expedited budget package along with Democratic health care legislation (Herszenhorn & Lewin, 2010). Section 503 of the bill authorized $630 million a year from fiscal year 2010 through 2013 for community college reform, to establish innovative programs or support programs with demonstrated effectiveness and that lead to completion of a postsecondary degree, certificate, or industry-recognized credential leading to a skilled occupation in a high demand industry. Grants were to be for a 4-year period, with a minimum amount of $750,000. Section 504 of the bill authorized $630 million a year from fiscal year through 2016 for community colleges targeting low-income, nontraditional students, dislocated workers, or veterans who do not have a bachelor's degree. Funding was to be set up on a federal-stated shared basis for up to a 6-year period.

President Obama reaffirmed his administration's support for AGI in the U.S. budget for fiscal year 2011 (Office of Management and Budget, 2010). In addition, to further make college education affordable and accessible, the fiscal year 2011 budget sought to (a) make permanent the increased Pell Grant payment authorized in ARRA, (b) index the maximum grant awards to exceed inflation, and (c) make funding of the grants mandatory rather than through an annual appropriation process. Increases to the federal deficit from these initiatives were offset in the budget by supporting legislation to streamline student loans; for example, Perkins Loans, by providing such loans directly to students and by hiring private and nonprofit companies through competitive contracts to manage the loans.

On March 30, 2010 on the campus of North Virginia Community College, President Obama (2010b) finalized the Health Care and Education Reconciliation Act of 2010 (H.R. 4872). The portion of H.R. 4872 of concern here; namely, The Student Aid and Fiscal Responsibility Act, was amended by the House of Representatives to what had been the Senate health care reform bill (H.R. 3590), which became law, the Patient Protection and Affordable Health Care Act (P.L. 111-148), on March 23, 2010. The Student Aid and Fiscal Responsibility Act made access to college more affordable, in part, by revamping the student loan program and increasing the maximum allowable amounts of Pell Grants (Baker & Herszenhorn, 2010).

The reconciliation measure eliminated or reduced several key AGI features but retained others. Gone were the billions of dollars to reduce the interest rate on students' loan payments, remake the Perkins Loan Program, and for the most part to fund a large component of the AGI aimed at helping community colleges graduate five million more students by 2020 (Lederman, 2010b). The proposed \$2.5 billion College Access and Completion Fund was replaced by the smaller \$750 million expansion of the existing College Access Challenge Grant Program. Retained was \$2 billion to fund a U.S. Department of Labor career training program created by ARRA but never funded. It would direct \$2.55 billion over 10 years to historically Black, Hispanic-serving, and tribal colleges. And it would provide about \$1.5 billion to expand income-based repayment options for student loan borrowers. Most significantly for college students, H.R. 4872 ended the subsidies to banks that financed student loans and provided for the government to make loans directly. Some \$36 billion in cost savings from ending these loan subsidies to banks was directed to Pell Grants (Williams, 2010). H.R. 4872 indexed Pell Grants to inflation starting in 2013 and extended the program through 2019, ending the administration's initial plans to index the grants above the inflation rate and to make the program a federal entitlement (Lederman, 2010c). The maximum Pell Grant award increased to \$5,550 in 2010 and to \$5,975 by 2017 (Belknap, 2010). In addition, the elimination of money to help community colleges increase graduation rates combined with Pell Grant increases was a boon to independent private institutions such as for-profit education companies and trade schools which between 2000 and 2009 tripled their enrollments (from about .5 to 1.5 million students) and revenues (from about \$8 billion to \$24 billion; Goodman, 2010b; How Colleges, 2010).

Although the Health Care and Education Reconciliation Act of 2010 gutted much of AGI aimed at helping community colleges, achieving "the highest college graduation rate in the world" was in part predicated on improving the nation's high school graduation rate, a problem that had reached national attention (Swanson, 2009) and was likely to continue to do so. Speaking before America's Promise Alliance, founded by General (and former Secretary of State) Colin Powell and his wife Alma and representing well over 300 national partners providing supports to young people, President Obama (2010a) aptly noted well documented facts that: (a) one million students fail to finish high school each year – nearly one in three; (b) the gap in graduation gaps between Whites and minority groups, especially Blacks, was nearly 40–50% in many school districts; and (c) in cities like Detroit, Indianapolis, and Baltimore graduation rates hover around 30–40%, nearly half the national average (for example, see Alliance for Excellent Education, 2007; Amos, 2008). Citing the change from a manufacturing economy that paid blue collar workers a fairly decent wage to a service economy that places a premium on cognitive skills, President Obama also noted the $10,000 average annual wage difference between dropouts and high school graduates, as well as dropouts being three times more likely to be out of work as someone with at least a college degree. The President said: "Graduating from college is an economic imperative" as he promised to invest $900 million to identify high schools with graduation rates below 60% and to invest in those schools to improve their respective rates. President Obama also committed his administration to foster "early college high schools" that allow students to earn a high school diploma and an associate's of arts degree or college credit at the same time. Jill Biden, Vice-President Joe Biden's wife and a faculty member of North Virginia Community College, reiterated the Obama administration's goal of having the highest proportion of college graduates in the world and viewed the legislation as a "huge step" in meeting that goal, both points of which the President reaffirmed (Obama, 2010b).

10.2.4 Challenges Facing ARRA and AGI

Improving graduation rates at the secondary and postsecondary levels of education has merit and can be further enhanced by tackling the equally if not more challenging effort of improving primary education (Judy & D'Amico, 1997). The No Child Left Behind Act of 2001 (P.L. 107-110) which, as noted in Chap. 7, Sect. 7.3.3.1, assigned a central role to standardizing tests in grades K-12, was one attempt by the federal government to address this issue. Primary education, traditionally the responsibility of state government, goes beyond the scope of this book, and the increased federal involvement in setting national standards and promoting innovation in public schools is continually being debated in the U.S. (Appleby, 2002; Dillon, 2010; McGuinn, 2006; Ravitch, 2001, 2002, 2010; Sacks, 2001; Thomas & Wingert, 2010). Figlio (2009) examined and delineated a number of school reforms to improve the life chances of disadvantaged children, including incentives for high quality teachers to teach in low-income schools and smaller class sizes, as well as other measures to ensure greater transparency and accountability. Evidence to support school choice (that is, unhinging assignment of school from place of residence) and the use of public money for privately operated charter schools to encourage experimentation, whether for profit or not for profit, was mixed. Suffice it to say here that the Obama administration has picked up the education reform mantle: ARRA provided $4.35 billion for the Race to the Top Fund, a competitive grant program designed to encourage and reward states for innovations and reforms, and President Obama added an additional $1.3 billion in his second year's budget (U.S. Department of Education, 2009). President Obama has reportedly backed his administration's calls for greater accountability to the extent of his reportedly endorsing the firing of faculty and closing of schools that have a poor track record of students meeting standardized tests (Greenhouse & Dillon, 2010).

Although on-going education and training are seen as the best preparation for coping with the vicissitudes of the market, ARRA and AGI are not panaceas for many of the problems confronting low-income working individuals and their families. An immediate problem is availability of jobs. President Obama announced the AGI in 2009 when employers were decreasing the percentages of recent graduates they were or were intending to hire. In 2009, new college graduates had 40% fewer job prospects than did 2008 grads (Yousuf, 2009). Prospective college graduates in 2010 faced the worst hiring climate, an estimated 22% reduction from the 2009 graduating class, since 2002 when the 9/11 terrorist attack and the dot-com bust reduced hiring by 36% (VanderMey, 2010). Furthermore, the hemorrhaging of manufacturing sector jobs, which historically provided decent incomes for less educated workers, are projected to shed about 1.2 million more jobs by 2018 (U.S. Bureau of Labor Statistics, 2010). As the economy rebounds, however, prospects for graduates are invariably expected to improve, as is the case in the financial sector where banks were already reporting an increase in hiring business students in the early months of 2010 (Brown, 2010).

Even with full and successful implementation of ARRA and AGI, which essentially are work-based or employment policy anti-poverty strategies, policymakers and others concerned about the capacity of low-income working individuals and their families to achieve some semblance of economic security sufficient to make ends meet, so to speak, face several challenges. One issue is implicit in ARRA and AGI: the notion of the more skills the better. This idea has the potential of exacerbating the gap between those who have a greater capacity to develop skills suitable to market imperatives for more a limited number of permanent positions, estimated at 20% of the workforce, and those who have a more limited capacity and are, thereby, increasingly subjected to special arrangement employment that is invariably contingent or temporary (Petrella, 1997). The transition of labor from a factor of production, which assumed agency as an endemic characteristic of those in the workforce and which has been superseded by knowledge, to labor as a resource that is organized, managed, upgraded, downgraded, recycled and the like, portends to erode that which is distinctly human and valued as a social subject with the capacity of self-determining for purposive behavior. Such a challenge is difficult to meet and goes beyond presidential and Congressional politics and policymaking per se. It involves a cultural shift about the meaning of work and finding an appropriate balance between family and work-related responsibilities, a concern that has received intermittent national attention since the 1970s as more and more married mothers with young children entered the labor market (Hochschild, 2001; Judy & D'Amico, 1997; Spain & Bianchi, 1996).

A second issue facing policymakers who place an emphasis on employment-based strategies that seek to expand access to educational opportunities aimed at skill enhancement is the long-standing dilemma of the purpose of secondary and postsecondary education. Learning for the sake of learning, preparing students for the job market, and creating an educated citizenry are all viable and, at times, competing goals of secondary and postsecondary education. Learning to do versus learning to know was debated, for example, during the Clinton administration with passage and implementation of The School-to-Work Opportunities Act of 1994 (P.L. 103-239) which targeted a broad socioeconomic segment of adolescents in the U.S. (Caputo, 2004). The ideal behind STWOA was to combine doing and knowing rather than having one displace or supersede the other. Efficiency versus equity is another long-standing argument about public policies in general and education in particular. Some seek to make schooling more overtly relevant to economic prosperity, an efficiency rationale; whereas, others seek ways of augmenting human capital of children and adolescents from economically disadvantaged families by increasing the likelihood that they more successfully negotiate the labor market than might be the case otherwise, an equity rationale (Lewis, 1994). AARA and AGI appear to encompass both, although as noted above and as pointed out by others (for example, Appleby, 2002; Ravitch, 2010), the focus on accountability and standardized testing may be undermining a valuable traditional aspect of public school education; namely, the transmission of a common, critically appraised culture via history, civics, the arts, and literature.

A third issue is a generalized ignorance about and lack of easily accessible help on how to plan, build, and navigate a career (Choitz, 2010). That is, many "working learners" would benefit from an array of professional services far more extensive than currently exists to assist them in identifying educational programs that align with their skills and interests and that will enhance their prospects to secure jobs paying wages sufficient to support a family. One-stop career centers and school-to-work programs spurred the demand for career development facilitators (Kerka, 2000). As Choitz (2010) noted, however, the U.S. has no national planned career navigation system that greatly builds on and extends currently operating localized efforts. The rationale for a national system is based in part on: (a) the frequency of job or career turn-over, (b) the year-to-year variability of earnings and income endemic to contemporary society, (c) the projected dominance of small and mid-size companies less prone to offer stable employment opportunities driving economic growth, and (d) the reported numbers of less than qualified applicants seeking work (Atkinson & Andes, 2008; Caputo, 2008a; Hacker, 2006; Orszag, 2007; Robert Half International, 2009; U.S. Bureau of Labor Statistics [BLS], 2010). The U.S. Department of Labor's Tools for American Job Seekers Challenge is one example of how the federal government already gives attention to the needs of career navigators, and the Education and Training Administration's CareerOneStop website serves as a viable portal for jobseekers (http://www.careeronestop.org/jobseekertools/). Choitz (2010) recommends that a national communication campaign to raise awareness of these federal services and the development of models of resource use and testing for effectiveness are warranted. Moltz (2010) noted that several states have developed smaller-scale initiatives which could serve as a national model. The Virginia Community College system, for example, launched the "Education Wizard" website, a self-described interactive career-planning tool for its students which can be found at https://www.vawizard.org/vccs/Main.action.

10.3 Additional Labor-Market Policies Benefitting Low-Income Working Individuals and Families

10.3.1 Overview

This section focuses on labor-market policies to increase the economic well-being of low-income individuals and their families beyond those subsidizing employment via the EITC and increasing human productivity via education and training programs. Such programs include mandating high wages via minimum-wage legislation and living-wage ordinances (Neumark, 2009a). This section also examines the Work Opportunity Tax Credit (WOTC) which was briefly mentioned in Chap. 7, Sect. 7.3.5.2.

10.3.2 Increasing the Minimum Wage

Minimum wage legislation in the U.S. was initially discussed and implemented by several States including Massachusetts, Minnesota, and Ohio during the early part of the twentieth century (Lindsay, 1913). A federal minimum wage was initially set in 1938 at a nominal value of $0.25 an hour and, despite overall public support, its merits have been debated by economists and politicians ever since (see Prasch, 2007 for early post-WWII debates; see Central Debating League, 1914 and Prasch, 1998 for academic discussions prior to federal legislation). Congress never indexed the minimum wage to inflation. Over the years, Congress approved 20 increases to the minimum wage whose real value peaked at $8.71 in 1968 (in May 2009$$) and eroded to $5.44 in 2006 (Filion, 2009, Table 3; Minimum Wage History, 2008). Between 1947 and 2009, the minimum wage as a share of average private non-supervisory wages ranged from about 33% to more than 50% and remained under 40% since 1999. The last federally mandated minimum-wage increase from $6.55 an hour in 2008 to $7.25 an hour took effect in July, 2009. At a time of nearly double digit national unemployment rates and double-digit rates for young and minority workers, the likelihood of another federal increase any time soon seems dubious in light of overall negative employment effects that are not offset by individual wage income gains. Although the idea of a minimum wage is reported to enjoy public support (Prasch, 2002) and a case for minimum wage legislation can be effectively made on the basis of social solidarity and a communal stake in work (Kochan & Shulman, 2007; Waltman, 2000), two decades of research on the economics of the minimum wage suggested that the "price" might be too high, especially during times of recession and/or high levels (usually double digit rates) of unemployment.

Assessing and summarizing nearly two decades of minimum-wage research, Neumark (2009a) and Neumark and Wascher (2008) showed minimum wages for the most part were consistently found, despite a few studies and arguments to the contrary (Filion, 2009; Nader, 2006), to reduce employment of low-skilled workers, by extension making additional increases highly unlikely with unemployment rates hovering around 10% (Neumark, 2009b). In addition, despite wage increases of low-wage workers who stayed employed, the joint distribution of wage, employment, and hours worked effects were found to hurt low-wage workers overall. Research had thereby failed to establish that the beneficial distributional effects of minimum wages of employed low-income workers outweighed employment losses. In regard to the economic well-being of families, Neumark, Schweitzer, and Wascher (2005) reported no evidence that minimum wages enhanced family income. Rather, evidence suggested that the overall effect of minimum wage increases pushed some initially low-income families that were also above the near poverty level (1.5 times official poverty levels) into poverty or near poverty. That is, increases in minimum wages were associated with increased family poverty. This was possible in part because the relationship between being a low-wage worker and living in a poor family is weak. Many low-wage teenagers and young adults live in higher income families and many poor families have no workers. One estimate for 2003 indicated that 34% of low-income workers in the U.S. lived in families with income three times the poverty level, roughly the top half of the income distribution; whereas, 17% lived in poor families (Burkhauser & Sabia, 2007, Table 1, p. 265). More recently, Sabia and Burkhauser (2009) estimated that only 20% of the benefits from a proposed minimum wage increase to $8.25 in the State of New York would be received by workers living in poor households.

10.3.3 Living-Wage Ordinances

Like the minimum wage, the idea of a living wage predated the contemporary social movements on their behalf and was more in line with efforts to establish and implement minimum wage legislation. Ryan (1906) spelled out basic moral and economic rationales in the early twentieth century – living wage as an individual right, derived from the right to live by the bounty of the earth, at a level sufficient to maintain oneself and one's family in a life of dignity as human beings; the productivity of capital and sacrifices of the capitalist are morally inferior to the needs of the laborer, that is, a corporation was obliged to pay a living wage at the expense of dividends. President Franklin D. Roosevelt explicitly endorsed the idea in 1933 when signing the National (Industrial) Recovery Act (NRA), which was enacted on March 9, 1933 (P.L. 73-67): "… no business which depends for existence on paying less than living wages to its workers has any right to continue in this country" (Woolley & Peters, n.d.). Quantification of living wages was problematic and as Stapleford (2008) showed, prior to WWII unions gradually decoupled justifications for improving the wages of skilled labor from a living wage to the need for balancing productive capacity for an expanded mass consumer market; whereas, the living wage became increasingly tied to boost minimum wage rates (Figart, 2001; Glickman, 1997). As the twentieth century drew to a close, several social movements rallied around the idea of a living wage: to increase the minimum wage, to create alternatives to "welfare reform" or Temporary Assistance for Needy Families (TANF) legislation, and to stem the tide of rising inequality (Mutari, 2000). The contemporary living wage movement that began in the closing decades of the twentieth century set a family supporting wage as a goal in contrast with the federal minimum wage that for all practical purposes became a subsistence wage for the individual (Luce & Pollin, 1999; Vietorisz, Mier, & Harrison, 1975). Quantification nonetheless remained problematic, especially in regard to the relationship between living wages at sustainable levels and official poverty levels (Bartik, 2005; Pollin, 2005; Stabile, 2008).

In 1994 Baltimore became the first major metropolitan municipality to pass a living wage ordinance (Association of Community Organizations for Reform Now [ACORN], n.d.). De Moines, Iowa had passed the first such ordinance in 1988, covering urban renewal projects and mandating an average hourly wage of $9.00 with benefits; Gary, Indiana passed an ordinance in 1991, but repealed it (Holzer, 2006). By 1999, 22 large cities in the U.S. had passed living wage laws that mandated wages above poverty for certain workers in the private sector (Martin, 2001). By 2006, about 140 municipalities and counties around the country had implemented them, including Boston, Chicago, Cleveland, Detroit, Los Angeles, Milwaukee, and San Francisco (Holzer, 2006). Martin (2001) contended that the emergence and successful expansion of living wage ordinances were primarily due to political rather than economic conditions such as poverty; that is, a combination of local political conditions such as the presence of unions and national networks including the Industrial Areas Foundation (IAF) and the Association of Community Organizations for Reform Now (ACORN). Nonetheless, as Fairris and Reisch (2005) noted, economic conditions also contributed – declining real wages for the bottom two fifths of the income distribution since the 1980s as well as the recession and job losses between 2000 and 2003. Living-wage ordinances found support among the voting public, for example 72% favored a living-wage proposition in the State of Florida during the presidential election of 2004 when George W. Bush defeated John Kerry (Michie, 2005). Luce (2004, 2005) reported that more successful implementation of living-wage ordinances occurred when community supporters participated in the process rather than relying solely on city administration.

In a review of living wage ordinances, Neumark (2009a) showed that the level of mandated wages was higher than the prevailing minimum wage in such cities as

New York and Detroit ($10 vs. $5.15), Chicago ($10 vs. $6.50), San Diego ($10 vs. $6.75), and San Jose ($12.27 vs. $6.75). Living-wage laws, however, had much narrower coverage than minimum wage laws and in many cities where living-wage laws were implemented they covered less than 3% of the low-wage work force (Fairris & Reisch, 2005). Nearly all living-wage laws covered city contractors and about half covered companies that received financial assistance from cities; such as, subsidies or tax abatements. Living wages rarely applied to city employees. The ordinances shared the common goal of requiring private businesses that benefit from public money through government contracts to pay their workers a living wage, so that it would no longer be necessary to subsidize their wages through Food Stamps, housing, medical care and other social services required due to low income (Clary, 2009). Living wages have been shown to: (a) raise wages in general, (b) reduce poverty at the margins (that is, nudge families close to the poverty level just above it), and (c) cause some employment loss and some employment substitution, that is, hiring greater–rather than lower-skilled workers (Adams & Neumark, 2005a, b; Clain, 2008; Neumark, 2002, 2009a; Neumark & Adams, 2003a, 2003b; Pollin, Brenner, & Luce, 2002; Toikka, Yelowitz, & Neveu, 2005).

Pollin (2005), who was not listed among the studies and references in Neumark's (2009a) review, showed that on balance living wage benefits outweighed costs. He created a series of cost estimates of living wage laws in several cities, including Baltimore and Santa Monica and examined a set of alternative adjustments that covered firms could make to absorb those costs, including raising prices and productivity and relocating to areas not covered by living wage laws. Relying on retrospective and prospective evidence, Pollin showed that the effects of most living wage ordinances of most covered firms was on the order of 1–2% of a firm's total production costs and that likely adjustments; such as, raising prices or increasing productivity, or even a decline in profits, would be relatively modest and much less costly than alternatives such as relocation. The benefits accrued to a concentration of low-wage workers and their families, while costs were more widely diffused among covered firms, consumers, taxpayers, and city governments. Pollin contended that living wage ordinances designed to produce such results would be worthwhile. Such findings and conclusions were consistent with earlier studies (Pollin & Luce, 1998; Zabin & Martin, 1999).

Given the respective summaries of research on living-wage ordinances; notably, Fairris and Reisch (2005), Neumark (2009a), and Pollin, Brenner, Wicks-Lim, and Luce (2008), several broad areas of future study remain. The local and idiosyncratic aspects of living-wage ordinances make problematic any national effort based on them to benefit working poor persons and their families. This is particularly the case at times such as the financial crisis of 2007–2009 when large segments of the voting public viewed federal initiatives as intrusive or as benefitting more affluent sectors of the population (Wall Street) at the expense of less affluent persons (Main Street). Also, though participating firms may gain by fewer turnovers, better worker morale and less absenteeism with implementation of living wages, whether such gains are sufficient to make a noticeable difference in offsetting profits for extended periods of time remains an open question. Whether society as a whole gains remains open-ended, whether on grounds of efficiency or equity. The extent to which the public is willing to absorb higher costs (taxes or prices) to support payers of living wages at varying levels and over what time periods also warrants further research.

10.3.4 Wage Subsidies to Employers

Since the late 1960s and 1970s as Katz (1998) and Neumark (2009a) have noted, wage subsidies in the U.S. have targeted the hiring of disadvantaged workers (job opportunities in the business sector or JOBS; Committee on Labor and Public Welfare, 1970), welfare recipients (Work Incentives Tax Credit, or WINTC), and of low-wage workers (New Jobs Tax Credit, or NJTC). The Targeted Jobs Tax Credit (TJTC) covered these groups and others and was in effect from 1979 through 1994. It was replaced by the Worker Opportunity Tax Credit (WOTC) which was created with the Small Business Job Protection Act of 1996 (P.L. 104-188). The Job Training and Partnership Act (P.L. 97-300) (JTPA), discussed in Chap. 5, Sect. 5.2.5, provided temporary wage subsidies to firms providing long-term employment for recipients of on-the-job training. JTPA was a key wage subsidy for economically disadvantaged adults not on welfare. In 2000 the WIA, discussed in Chap. 5, Sect. 5.3.5, replaced JTPA and had no wage subsidies.

The WOTC was reauthorized and amended in Title III of the Job Creation and Worker Assistance Act of 2002 (P.L. 107-147). It was extended through 2005 in Section 303 of the Working Families Relief Act of 2004 (P.L. 108-311), and further extended through 2011 with enactment of the Small Business and Work Opportunity Act of 2007, Subtitle B of the U.S., Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (P.L. 110-28). WOTC targeted (a) TANF recipients, (b) veterans on Food Stamps, (c) qualified disabled, (d) recently convicted or released felons, (e) Vocational Rehabilitation referrals, (f) Food Stamp recipients 18 through 39 years of age, (g) Supplemental Security Insurance (SSI) recipients, and (h) long-term family assistance recipients. In Part III of the ARRA of 2009 (P.L. 111-5), unemployed veterans and disconnected youth (age 16 but not 25 years of age or older when hired, not enrolled in any type of schooling for 6 months prior to hiring date, not regularly employed during the 6 months prior to the hiring date, and not readily employable due to lack of sufficient number of basic skills) hired in 2009 or 2010 were added as two new WOTC target groups. Between 1998 and 2006, years for which relevant data were available, corporations declared nearly a half billion dollars in WOTCs in 1998 and 1999, more than a half billion in every year between 2002 and 2004, and $1 billion or more in 2006 and 2006 (Internal Revenue Service [IRS], 2009). As a percentage of all tax credits corporations declared in any given year, these dollar amounts were relatively small: slightly more than .5% in 1998, 1999, and 2006 (.8%, the highest), and less than .5% in the other years (.4% the lowest in 2004, author's calculations).

In a review of related studies, Neumark (2009a) noted the stigmatizing effects found to be associated with wage subsidies. Those presenting subsidies in voucher form tended to be hired less often than job seekers without it but who were otherwise technically eligible. Subsidies intended to generate new employment created administrative difficulties or constraints: For example, determining what employment would have occurred otherwise required information not readily if at all available. In addition, such subsidies "rewarded" or provided incentives for churning employees. In a study of all welfare and Food Stamp participants in Wisconsin between 1998 and 2001, Hamersma (2005) reported that WOTC and the Welfare-to-Work Tax Credit (WtW) produced only modest employment and income gains if any at all and only in the short run, persisting less than 1 year after starting the subsidy. At this juncture, no definitive statements can be made about the impact of wage subsidies given available evidence. At best, reaffirming Katz (1998) and as Neumark (2009a, p. 48) noted, employer-based wage subsidies when combined with other job-related services may point to the need for providing training and job-skill interventions to those for whom strengthening financial incentives to work are insufficient.

Passage of the Patient Protection and Affordable Health Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (H.R. 4872), discussed in Sect. 8.2.3 in regard to college student loans, portend to subsidize the cost of health insurance for many low-income workers and their families who lacked employer-sponsored insurance, who otherwise could not afford such insurance, or who were denied insurance coverage due to preexisting medical conditions. This legislation may undermine part of the rationale for living wage ordinances, if not in principal at least in level or amount. Advocates for living wage ordinances would have to take into account the portended lowering of initial costs and of subsequent increases in health insurance premiums and adjust their tactics accordingly.

10.4 Rejected Policy Paths Warranting Reconsideration

10.4.1 Overview

This section examines two policies that have found relatively little political traction in the U.S. despite efforts of scholars and activists to advocate on their behalf – family allowances and a basic income guarantee. Both policies would provide cash, the former restricted to those having children or by extension those caring for an elderly parent, and the latter universal, tied only to citizenship in its most radical version. Contingent on the level of cash award, both have the potential to mitigate the economically precarious plight of low-income working individuals and their families as part of a larger social policy prescription that targets broader sectors of the population.

10.4.2 The Need for Family Allowances and Related Caregiving Provisions

As Kamerman and Kahn (2001) noted, the U.S. has no explicit family policy, nor does it have a coherent set of social policies that target children, and by extension adult children caregivers of elderly parents, and their families. Instead, the U.S. has a number of policies that have consequences for children, adult children caregivers of elderly in need of care, and their families, and these may be considered “implicit” family policies. TANF and the EITC which have received extensive treatment in Chap. 2, Sects. 2.2 and 2.4, respectively, are exemplary of social policies and programs having consequences for children and elderly parents needing to rely on their adult children for care. The need for and policy responses to date for child care and elder care underscore the rationale for considering family allowances as a viable policy option. Costs related to child care, for example, have consistently been found to affect the employment decisions of low-earning and single mothers: Decreases in such costs are associated with increases in maternal employment (Bainbridge, Meyers, & Waldfogel, 2003; Forry & Hofferth, 2009; Henry, Werschkul, & Rao, 2003; Herbst, 2009; Mathews, 2006; Michalopoulis & Robins, 2000; U.S. General Accounting Office, 1994).

As part of the budget reconciliation process in 1990, Congress created the Child Care Development Block Grant (P.L. 101-508, CCDBG) which provided federal funds for child care services for children from low-income families. With the creation of TANF in 1996, Congress established the Child Care and Development Fund (CCDF) which was distributed to states to operate child care subsidy programs. Eligibility for child care services was set at a maximum of 85% of a state’s median family income and states had the option of not providing any funds for such services regardless of eligibility. Further, children had to be under 13 years of age, be living with parents who were either working or in school, or in need of protective services. States had to use at least 70% of their CCDBG funds for child care services for families that sought independence from TANF through work or for families that were at risk of becoming dependent on public assistance. In 2008, nearly 1 million families and more than 1.6 million children were served per month, on average, through the CCDF; more than four fifths of these families (86%) reported income, with less than one fifth (16%) reporting income from TANF; more than one third (34%) being children ages six through, more than one-tenth (12, 6%) were under 1 year of age, and nearly half (49%) between 1 and 4 years of age; (Child Care Bureau, 2009). U.S. Census Bureau (2009) data suggest that in 2008 CCDF reached only a small fraction of families whose income fell below official poverty levels (4.5 million families with children less than 5 years of age and 9 million with children aged 5–17 years) as well as families whose income was above poverty but below 200% official poverty levels (3.7 million families with children less than 5 years of age and 11.1 million with children aged 5–17 years). Throughout the early 2000s, most families receiving CCDBG were working and low-income (Mathews, 2008). A family allowance at or above those allowed for under CCDF subsidies would go a long way toward making child care more affordable for low-income working families and encourage, thereby enabling them to work more and/or to increase their human capital by enrolling in school or job training programs.

Elderly parents also present caregiving challenges to their employed adult children (Caputo, 2005). About 70–80% of noninstitutionalized older people receive some type of unpaid care from family or friends, often with help from supplementary paid helpers, and about 65% of older noninstitutionalized persons depend solely on unpaid help (He, Sengupta, Velkoff, & DeBarros, 2005; Morgan, 2007). Between 25% and 35% of workers provide care to someone 65 years of age or older (Family Caregiver Alliance, 2005). Two thirds of these workers reported having to rearrange their work schedule, decrease their hours, or take an unpaid leave of absence to meet caregiving responsibilities. Women provide the bulk of direct assistance to their aging parents and, when working, experience reduced weekly hours of work and annual wages when they do so (Wakabayashi & Donato, 2005). When combined with child-related caregiving working women's economic hardships have longer lasting effects. Women who assume caregiving responsibilities while working are 2.5 times more likely to live in poverty when they are elderly then women who do not assume caregiving responsibilities. This is due, in large part, to stopping work and their declining health (Wakabayashi & Donato, 2006).

A 2008 survey of those providing caregiving to persons 50 years of age or older reported that nearly three-fourths were employed while assisting someone else either at the time of the survey or previously and that a higher proportion of working men (82%) than women (70%) did so (National Alliance for Caregiving and AARP, 2009). At the time of the survey nearly two-thirds (61%) of the caregivers reported that they were working, with a greater percentage of men (59%) than women (45%) working full-time. Nearly one fifth (19%) of caregivers had annual household income of less than \$30,000 and nearly another fifth (19%) between \$30,000 and less than \$50,000. Caregivers were also found to support the following caregiving-related policies: (a) a tax credit of \$3,000, (b) respite services, (c) a voucher program that pays minimum wage to be a caregiver, and (d) transportation services. A tax credit of \$3,000 was the first policy option selected by most caregivers (35%) and also the second policy option selected by most caregivers (21%). Paradoxically, caregivers who earned \$50,000 or more per year were more likely than those earning less to choose the tax credit (41% vs. 29%, respectively).

On November 13, 2000 President George H. W. Bush signed the Older Americans Act Amendments of 2000 (P.L. 106-501) which created the National Family Caregiver Support Program. Family caregiver was defined as any adult family member, or other individual, who is an informal provider of in-home and community care to an older individual. Federal grants were to be made available to states to pay for the Federal share of the cost of carrying out state programs to provide an assortment of services (not cash) for family caregivers. Services included: (a) information about available services, (b) assistance in gaining access to services, (c) individual counseling, (d) respite services, and (e) supplemental services to complement the care provided by caregivers. Priority was to be given to persons with "greatest social and economic need, (with particular attention to low-income individuals)" and to older individuals providing care and support to persons with severe disabilities, including children with severe disabilities. Funding for the National Family Caregiver Support Program, under the jurisdiction of the Administration on Aging, was relatively modest, about $155 million, on average, per year between fiscal years 2006 and 2009 (Administration on Aging, 2010). Congressional legislation, for example, the Elder Caregiver Support and Information Act of 2009 (H.R. 519) which provided for additional appropriations through fiscal year 2012, languished in committee. President Obama's fiscal year 2011 budget included $103 million for the Administration on Aging Caregiver Initiative (Office of Management and Budget, 2010).

Throughout the early 2000s Congress entertained several bills providing financial relief to caregivers of elderly persons in need of long-term care (Kaplan, 2005). Related measures fell into two broad categories: specified-amount care credits and expense-based care credits. S. 1031 introduced by Senator Evan Bayh of Indiana in 2003 was an example of specified-amount care credits, offering a tax credit of $3,000 to the eligible caregiver of an applicable individual. Residency of the care receiver for at least 6 months in the home of the caregiver, income testing, and some form of medical certification of long-term care need were components of such bills. S. 1214, the Family Caregiver Relief Act of 2003, introduced by Democratic Senators Hillary Rodham Clinton of New York and Edward Kennedy of Massachusetts among others was an example of expense-based care credits, offering to provide a partially refundable tax credit up to a $5,000 global cap for expenses such as medical care and lodging, as well as adult day care services, custodial care, and respite services. S. 835, The Senior Elder Care Relief and Empowerment (SECURE) Act, introduced by Republican Senators Larry Craig of Indiana and Conrad Burns of Montana in 2005, allowed a tax credit of up to 50% of the "qualified elder care expenses" in excess of $1,000 per "qualified senior citizen." Further, there was no limit on eligible expenses and no income-based phase out on the tax credit itself. As such, S. 835 promised the greatest tax relief to families providing care for their older relatives, but also a large loss of federal revenue. The appeal of such proposals as S. 1214 and S. 835 was that the tax credits were independent of the caregiver's income tax bracket. Enacting such legislation and making such tax credits refundable for caregivers with low or nonexistent tax liability would benefit may low-income working families who are caring for elderly parents or other relatives.

10.4.3 The Illusive Quest for a Guaranteed Income Stream

Basic income guarantee or universal grant schemes have historical roots in Europe as well as in the U.S. (Caputo, 2006; Cunliffe & Erreygers, 2004), with more contemporary initiatives gaining attention in the 1960s and an international "movement" taking hold in the late 1980s and throughout the 1990s (Caputo, 2008b, 2008c; Sheahen, 2008; Suplicy, 2006). Over a decade of discussion papers presented at related conferences can be found at the respective web sites of the Basic Income Earth Network (BIEN, located at URL http://www.basicincome.org/bien/) and the United States Basic Income Guarantee (USBIG, located at URL http://usbig.net/). Whether such schemes are viable alternatives to subsidizing wages remains a contested issue, especially in regard to longstanding debates about whether they would erode people's work ethic (Barry, 2000; Morrison, 1972; Phelps, 2000). To date, only two national governments, Brazil (Suplicy, 2006) and Mongolia (Resolution on Approval, 2008; The Associated Press, 2010), have promised their respective citizens income, but neither country has allocated or distributed any money. A related idea was also proposed as a possibility for Iraq but also to no avail (Baker & Hamilton, n.d.; Glynn, 2005).

As noted in Chap. 1, Sect. 1.2.3.2, the U.S. nearly adopted the Nixon administration's Family Assistance Plan (FAP) in the late 1960s and early 1970s, setting an income floor beneath low-wage workers as well as those deemed outside the labor force with limited or no income. Alternatively, the 1972 Presidential contender Senator George McGovern proposed the "demogrant" as part of the Democratic Party platform, a $1,000 check from the federal government to every citizen in the U.S. Basically this went nowhere (Issues '72, 1972). To no avail policy analyst Irv Garfinkel (1983) advocated for demogrants as part of social security reform throughout the 1970s and early 1980s. Economist Robert Haveman (1988) proposed a universal refundable tax credit demogrant set as one half to two-thirds of the poverty line as a way to assist those in the bottom fifth of the income distribution. Steensland (2008) attributed the failure to adopt FAP and related income guarantee initiatives through the 1980s to: (a) the unpopularity of collapsing the cultural distinction between unworthy nonworking poor and able-bodied working poor, (b) the variety of meanings associated with the idea of a guaranteed annual income, and (c) the byproducts of the ongoing debates themselves; namely, the ascendency of political conservative initiatives such as welfare-to-work rhetoric and programs (Caputo, 2010; Muñoz, 2009).

By nearly a 2-1 margin in 1976, voters in Alaska approved an amendment to the State's constitution creating the Alaska Permanent Fund, a state-run investment savings account that pays equal annual dividends to every Alaskan citizen (Bollier, 2001). In 2010 the Fund was worth about $35.7 billion (Alaska Permanent Fund Corporation, 2010). Annual dividends have been paid out since 1982, ranging from a high of $2,069 ($2,061.64 in 2009$$) in 2008 to a low of $331.29 ($684.06 in 2009$$) in 1984 (Alaska Permanent Fund Corporation. n.d.). The State constitution had prohibited dedicated funds, necessitating the amendment which Governor Jay Hammond proposed (Anderson, 2002; O'brien & Olsen, 1990). The Fund was established as a public trust for oil revenues from drilling on the State's North Slope to protect a portion of the State's revenue, about 21%, to benefit all generations of Alaskans. The logic behind establishing the dividend was to give citizens a stake in the Fund and make it more difficult for the State legislature to spend Fund earnings (Goldsmith, 2001; Smith, 1991). Distributions were tied to length of residence and voter registration. Dividend distribution to citizens differentiated use of the Fund's earnings from other types of public trusts from natural resources revenues such as the Alberta Heritage Saving Trust Fund whose earnings are invested in provincial economic development and, hence, subject to political pressures regarding investment decisions for those purposes (Hoopengardner, 2003; Smith, 1991).

Ackerman and Alstot (1999) proposed that a one-time grant of $80,000 be given everyone in the U.S. who reaches early adulthood. The "stake" would be financed by an annual 2% tax levied on the nation's wealth. Subsequently Ackerman and Alstot (2004) extended the notion of citizen stakeholders to support the idea of "baby bonds"; that is, as proposed by Prime Minister Tony Blair for the UK, providing a bond of $750 to each child at birth. Such a Child Trust Fund would accumulate compound interest until the child received a stake at age eighteen. Supplemental amounts were to be added at a child's fifth, eleventh, and fifteenth birthdays, with the aim of providing about $7,500 at maturity. In the U.S. the idea of "baby bonds" found favor with presidential contender Senator Hillary Clinton (D-NY). In 2007 Senator Clinton was reported to support the idea of giving every child born in the U.S. a $5,000 tax-free account that would grow over time until the child turns 18 and that would then be used to fund college education (Montanaro, 2007). She lost the Democratic presidential primary campaign to then Senator Obama (D-IL) who, as president, picked up the lifetime income mantle, but in the form of retirement annuities (Lieber, 2010).

The Obama administration supported the idea of simplifying and expanding the Saver's Credit, a credit that provides a government match for workers' contributions to retirement contribution plans (White House Task Force, 2010). To be eligible for the credit, one must be at least 18 years of age, neither in school, nor a dependent for tax purposes on another's return. For tax year 2009, such individuals could take a credit of up to $1,000 (up to $2,000 if filing jointly) and thereby reduce one's federal income tax dollar for dollar. Although nonrefundable the credit targeted lower income individuals and couples, with incomes up to $27,750 if tax filing status is single, married filing separately, or qualified widow(er); $41,625 if filing status is head of household; or $55,500 if filing status married filing jointly (Internal Revenue Service, 2010). The White House Task Force recommended an expansion of the credit to match 50% of the first half of the $1,000 of contributions ($500 for an individual and $500 per spouse in case of a married couple filing jointly) to retirement plans by families earning up to $65,000, and provide a partial credit to those earning up to $85,500. Related ideas had been introduced in the first Session of the 109th Congress by Representative Jeff Flake (R-AZ), Securing Medicare and Retirement for Tomorrow Act of 2009 (H.R. 107), and by Representative Early Pomeroy (D-ND), Retirement Security Needs Lifetime Pay Act of 2009 (H.R. 2748), but to no avail. The Retirement Security Needs Lifetime Pay Act of 2009, also introduced into Congress as S.1297 by Senator Kent Conrad (D-ND), for example, allowed exclusions from gross income for 50% of lifetime income payments from certain annuity contracts, up to $10,000, excluded longevity insurance benefits from employee benefit plan minimum distribution requirements, and allowed tax exclusions for amounts received as an annuity under any portion of an annuity, endowment, or life insurance contract. Each bill died in committee, H.R. 2748 in the House Ways and Means Committee and S. 1297 in the Senate Finance Committee.

Charles Murray (2006c, 2008), author of *Losing Ground* which, as noted in Chap. 1 Sect. 1.2.3.2, provided the intellectual backdrop of the Reagan administration's assault on cash assistance to low-income persons and their families, subsequently proposed a basic income guarantee. He suggested $10,000 a year for those 21 years of age or older ($3,000 of which would go toward the purchase of health insurance). This would replace most if not all of the public assistance programs, including Social Security. Although Murray's plan received no formal political traction, which he acknowledged at the outset in the book (Murray, 2006c, p. xv), it nonetheless got national attention: Skeptical if not outright critical reviews appeared in mass market outlets such as *U.S. News & World Reports* (Barone, 2006), *The Atlantic* (Why Murray's Big Idea, 2006), *The New Republic* (Klein, 2006), and *Boston Review* (Conley, 2006), and in think tank forums and publications such as those sponsored by the American Enterprise Institute for Public Policy (Murray, 2006b; Murray & Borders, 2006) and The Foundation for Law, Justice and Society (Murray, n.d.). Murray delivered the first seminar in the "New Perspectives in Social Policy" series hosted by the Institute for Research on Poverty (IRP) as part of its 40th anniversary in 2006. IRP made his March 22 *Wall Street Journal* essay about the plan to end the welfare state as the lead article in its 2006 issue of *Focus* devoted to the basic income guarantee, "a subject of lively discussion among economists and sociologists" (Murray, 2006a, p. 1).

Despite academic and some media attention to basic income schemes in the early part of the twenty-first century, only one such scheme was introduced in Congress, but to little or no avail. In 2006 Representative Bob Filner (D-CA) introduced H.R. 5257, a refundable tax credit for taxpayers who do not itemize deductions: $2,000 for the taxpayer, $2,000 for the taxpayer's spouse, and $1,000 for each qualified dependent of the taxpayer. As Sheahen (2008) fully documented, this proposal, the Tax Cut for the Rest of Us Act of 2006, also found little political traction, and it died in the House Ways and Means Committee. As Wright (2006) noted, there was little political interest in any scheme whereby government takes an active role in redistributing income benefitting low-income persons and their families. Nonetheless, proposing clear alternatives to the anti big-government sentiment that characterizes contemporary U.S. politics was warranted, Wright contended, as a way to contribute to creating conditions in which support can be built. It is in such a spirit, of contributing to the environment of open-minded discussion about social policy alternatives, with which this book concludes.

10.5 Summary

This chapter highlighted initiatives of the Obama administration affecting education and training while confronting the aftermath of the 2007–2009 recession. It presented significant aspects of and challenges to AARA and AGI, two initiatives that signified the acceptance of two decades of policy changes aimed at integrating job training and education for the population in general rather than specifically targeting poor persons and their families. This chapter also examined alternative policies benefitting low-income persons and their families; namely, increasing the minimum wage, implementing living wage ordinances, and wage subsidies to employers. The chapter concluded with consideration of family allowances and guaranteed income schemes, both of which had been rejected by previous generations of policymakers but which nonetheless warrant reconsideration in light heightened income insecurity associated with an increasingly faced-paced, financially-driven, capital-seeking global economy.

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