

# Making it Work: Low-Wage Work and Child Development in the United States

Erikson Institute  
40<sup>th</sup> Anniversary Symposium

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Harvard Graduate School of Education

# The Working Poor in America

- 13 million of America's 73 million children (18%) live under the official poverty line.
- A parent with 2 children working full-time at \$5.15 an hour will be under the federal poverty line.
- This parent working full-time at \$7.25 an hour will *still* be under the federal poverty line.
- On average, families need income equal to twice the poverty threshold to meet basic needs (Bernstein, EPI).
- 28 million of America's children (39%) live in poverty by this definition. They are at risk for higher levels of school dropout, behavioral and MH problems, crime, and lower earnings.
- What should the US do to support the working poor and improve the prospects of their children?

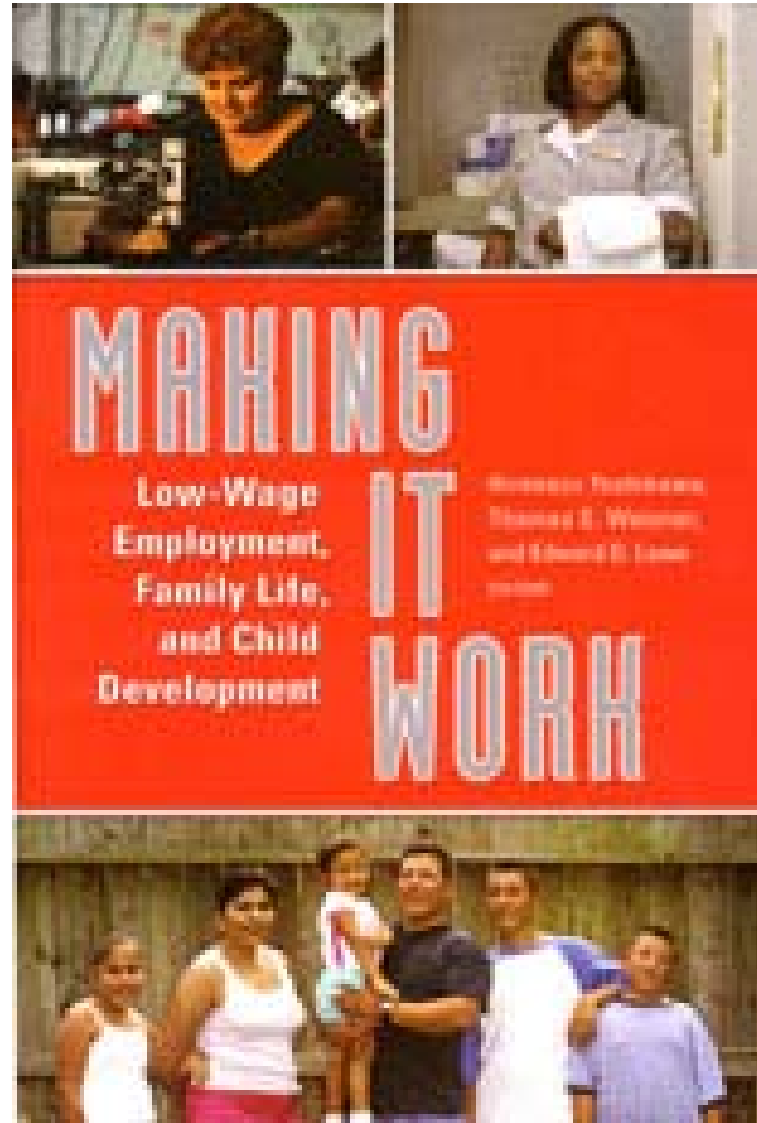
Raising Children Where Work Has  
Disappeared:

Pictures, Stories and Data from an  
Experiment for the Working Poor in  
Milwaukee

- Yoshikawa, H., Weisner, T.S., & Lowe, E. (2006). (Eds.).

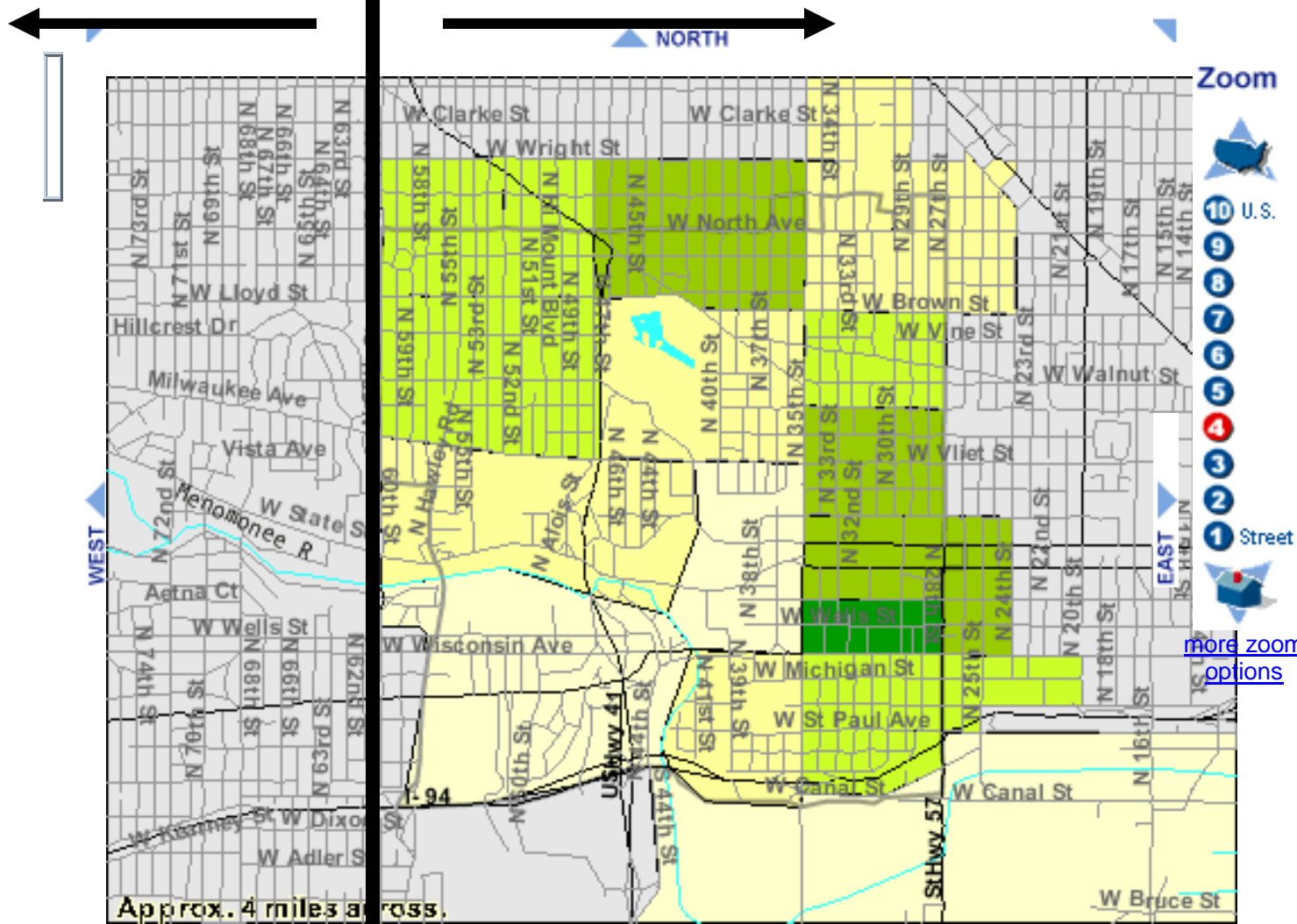
***Making it work:  
Low-wage  
employment,  
family life, and  
child  
development.***

New York: Russell  
Sage Foundation.



Wauwatosa, WI

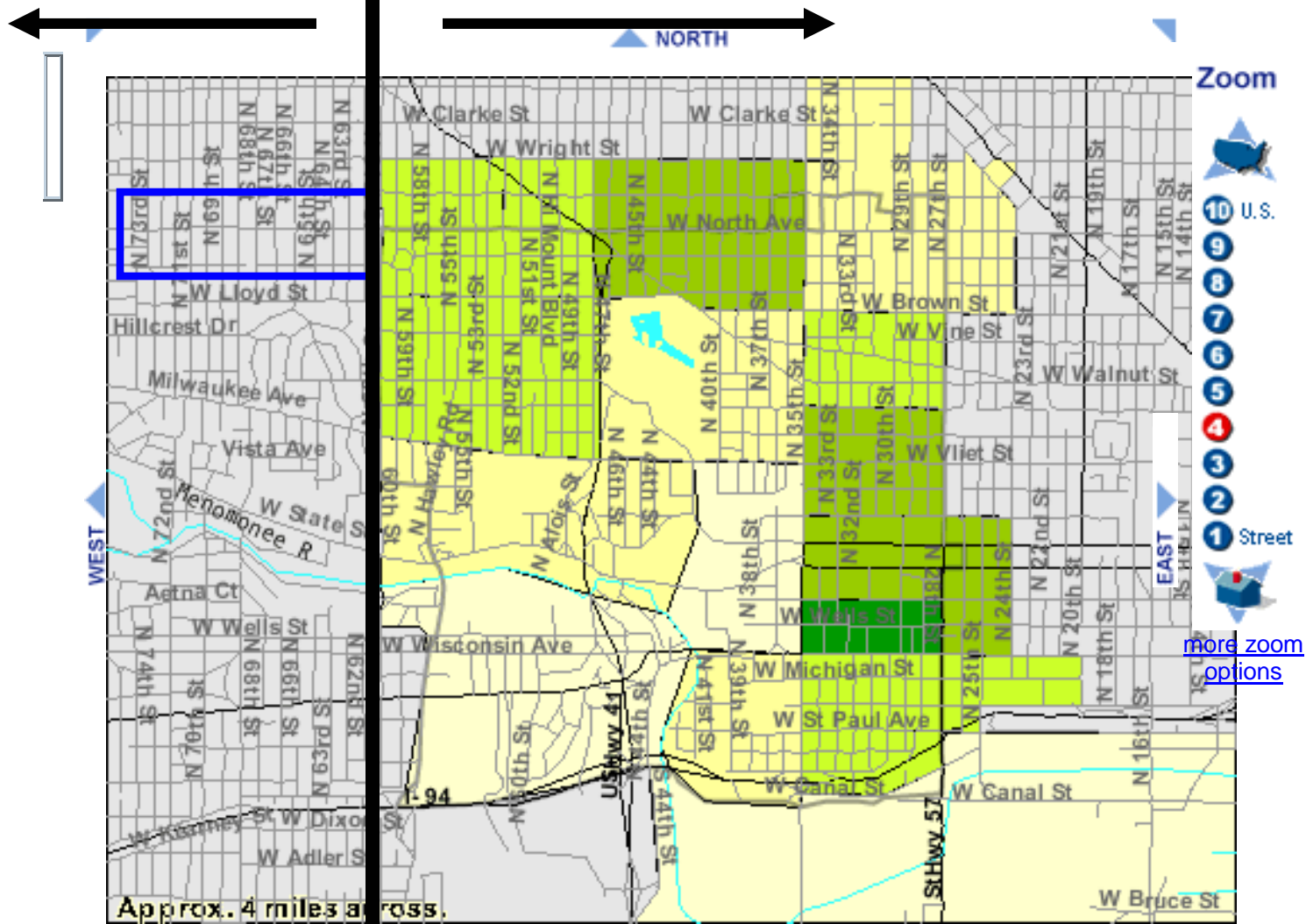
Milwaukee, WI



“North Side” Neighborhood

Wauwatosa, WI

Milwaukee, WI

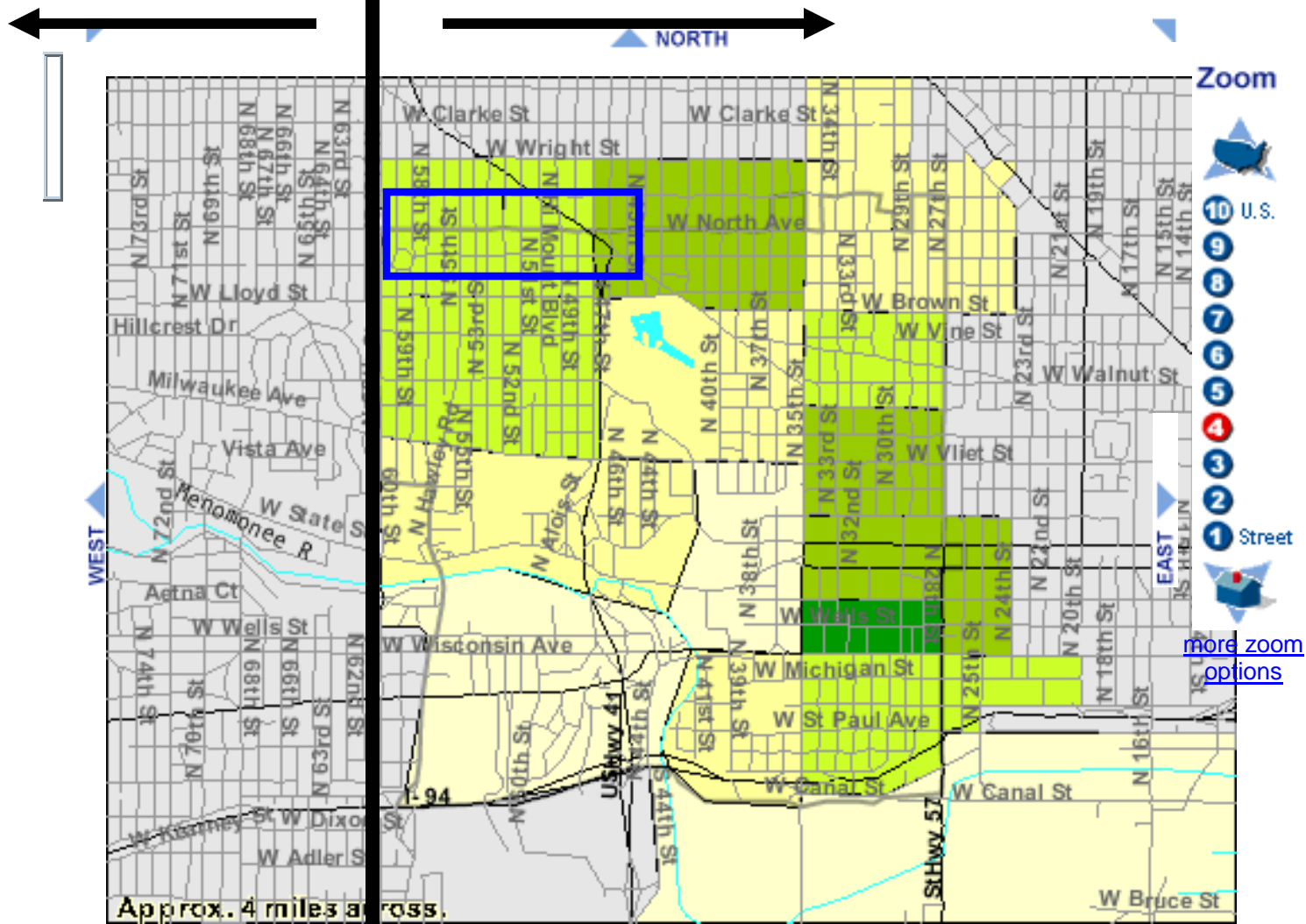


“North Side” Neighborhood



Wauwatosa, WI

Milwaukee, WI



“North Side” Neighborhood



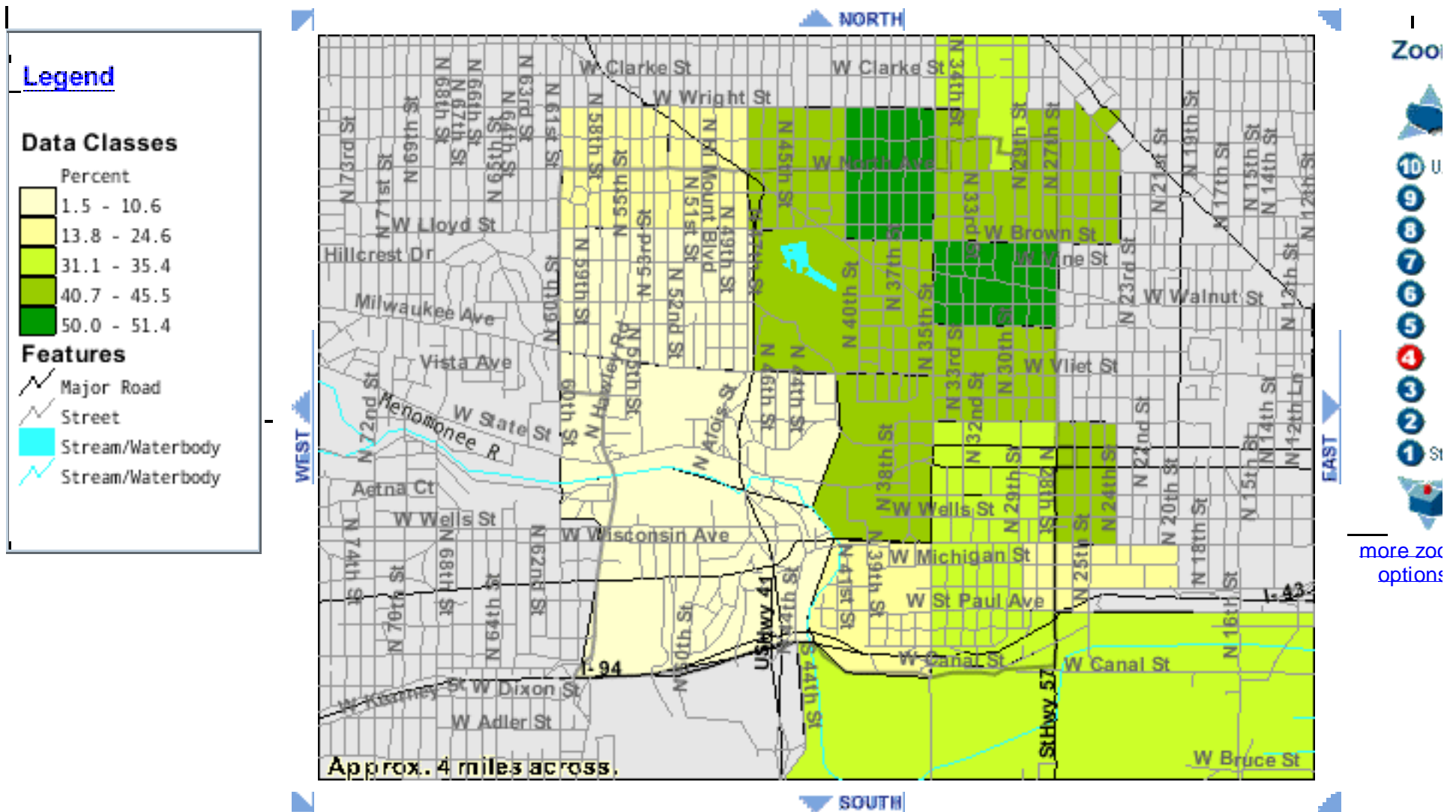






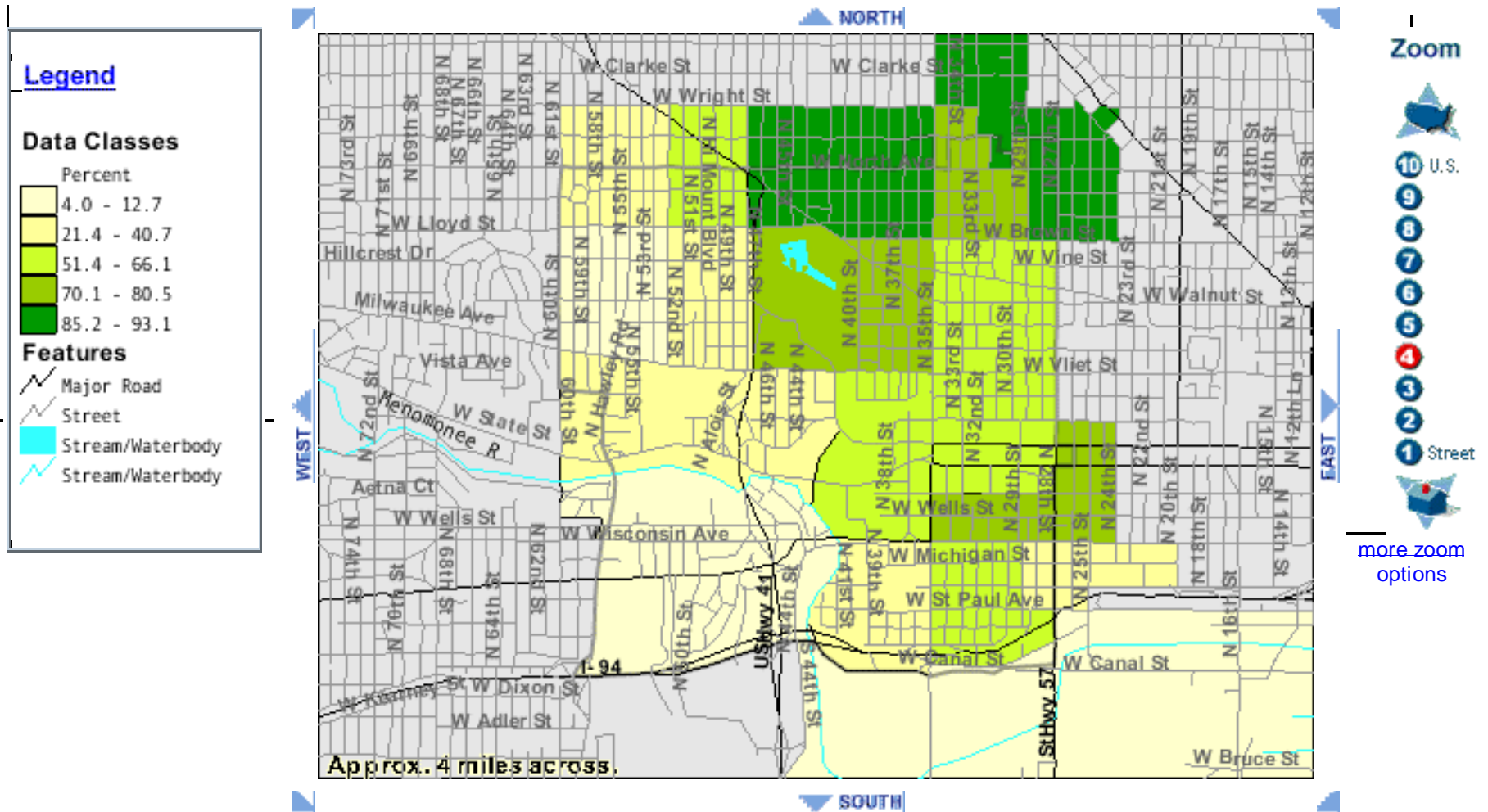


# “North Side” Neighborhood: % Families in Poverty, 2000



Source: U.S. Census Bureau, Census 2000 Summary File 3, Matrix P90.

# “North Side” Neighborhood: % African American, 2000



Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P1, and P7.

# Raising Children Where Work Has Disappeared

- Do experiences of low-wage work over time affect children? How and in what circumstances?

# 3 Pathways Through Low-Wage Work Over Time: Milwaukee, 1998-2001

- Evelia: Temp sector, high instability, no wage growth, worries about children
- Iris: Relatively low levels of work, concerns about one teenage foster son, workplace harassment, many barriers
- Julie: Auto industry, job mobility with co-worker referrals, wage growth, no worries about “homebody” teenagers



# The New Hope Experiment

- Designed by local leaders, activists for the working poor (David Riemer)
- Funded by array of local and national foundations and WI
- Run by New Hope, Inc. (Julie Kerksick)
- Evaluated by MDRC; Granger, Bos, Duncan, Huston, Weisner, McLoyd, others
- One of several experiments with child data testing approaches to make work pay

# The New Hope Offer to Make Work Pay

## **“If you are working you should not be poor”**

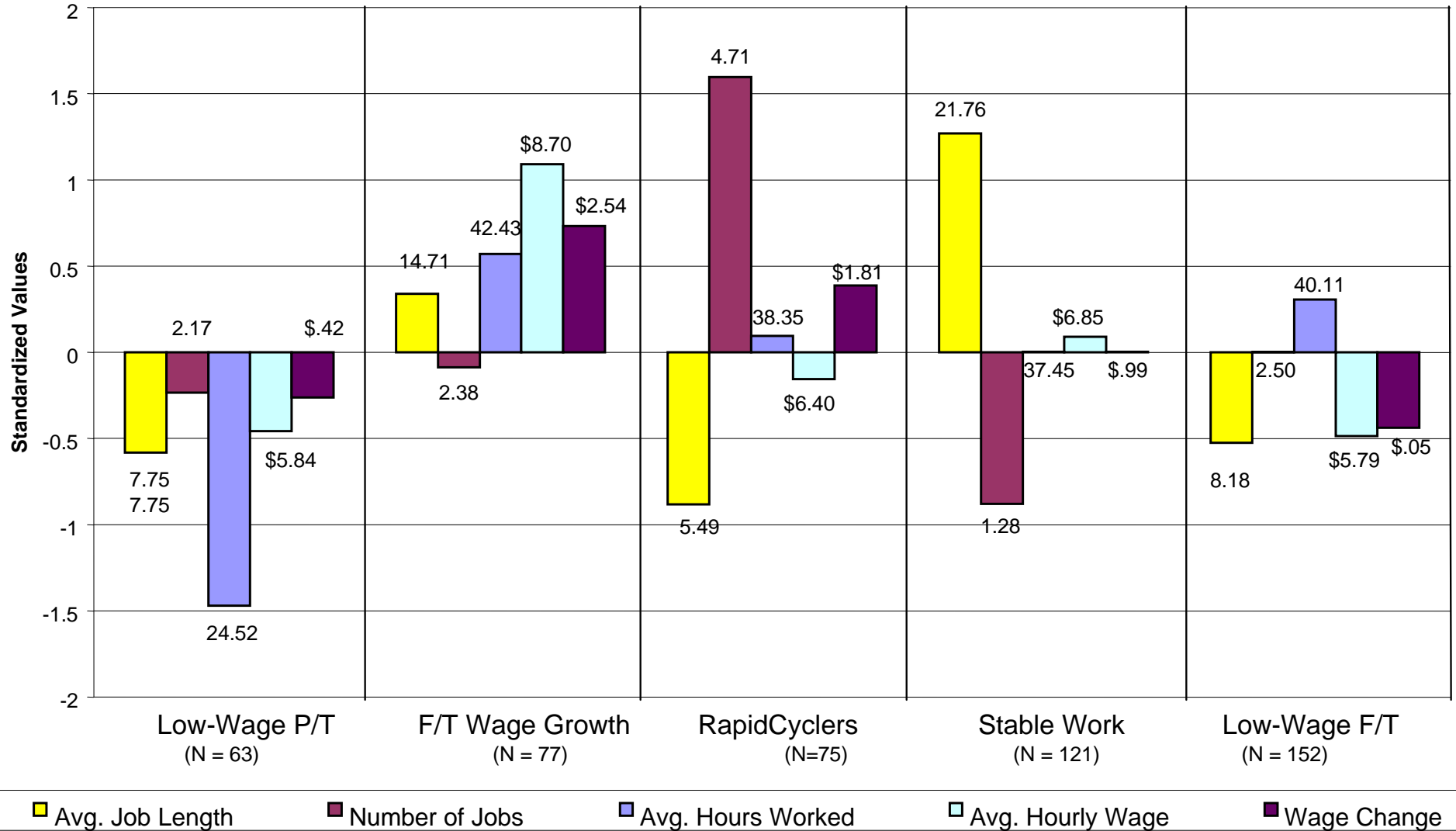
- Offer to adults below 150% FPL willing to work 30 hours a week
- Earnings supplement to bring you over the poverty line
- Child care and health care subsidies
- Run out of storefronts in 2 low-income neighborhoods (not welfare offices)
- Case representatives with low caseloads

# The New Hope Child and Family Study Data

- Sample of 750 with 2 to 11 year old children at baseline
- 4 waves of survey data over 8 years
- Administrative data on work, income, benefits from WI and New Hope program
- Child assessments: teacher, standardized
- Embedded 2.5-year ethnography: field work in visits every 10 weeks to random subsample(N=44)

- 1) What are experiences over time of the working poor in urban, low-wage labor markets?
- 2) How do they matter for children?
- 3) What are implications for workforce development and welfare policy?

# Five Work Pathway Subgroups Across Years 1 and 2



# Work Pathways

1) Low-Wage Part-Time

2) Full-Time Wage Growth

Avg MORE than full-time work (42 hrs)

High average wages (\$9)

Highest wage growth (+\$2.50 over 2 years)

Most likely to have a car

# Work Pathways

- 1) Low-Wage Part-Time
- 2) Full-Time Wage Growth
- 3) Rapid Cyclers

By far highest # jobs (avg 5 over 2 years)

Youngest group, earliest in work career

Little wage growth (< \$2)

# Work Pathways

- 1) Low-Wage Part-Time
- 2) Full-Time Wage Growth
- 3) Rapid Cyclers
- 4) Stable

Stayed in same job over 2 years

Fairly low wage growth (+\$1.00)

Also likely to have a car



# Work Pathways

- 1) Low-Wage Part-Time
- 2) Full-Time Wage Growth
- 3) Rapid Cyclers
- 4) Stable
- 5) Low-Wage Full-Time

Stuck in full-time low-wage work with

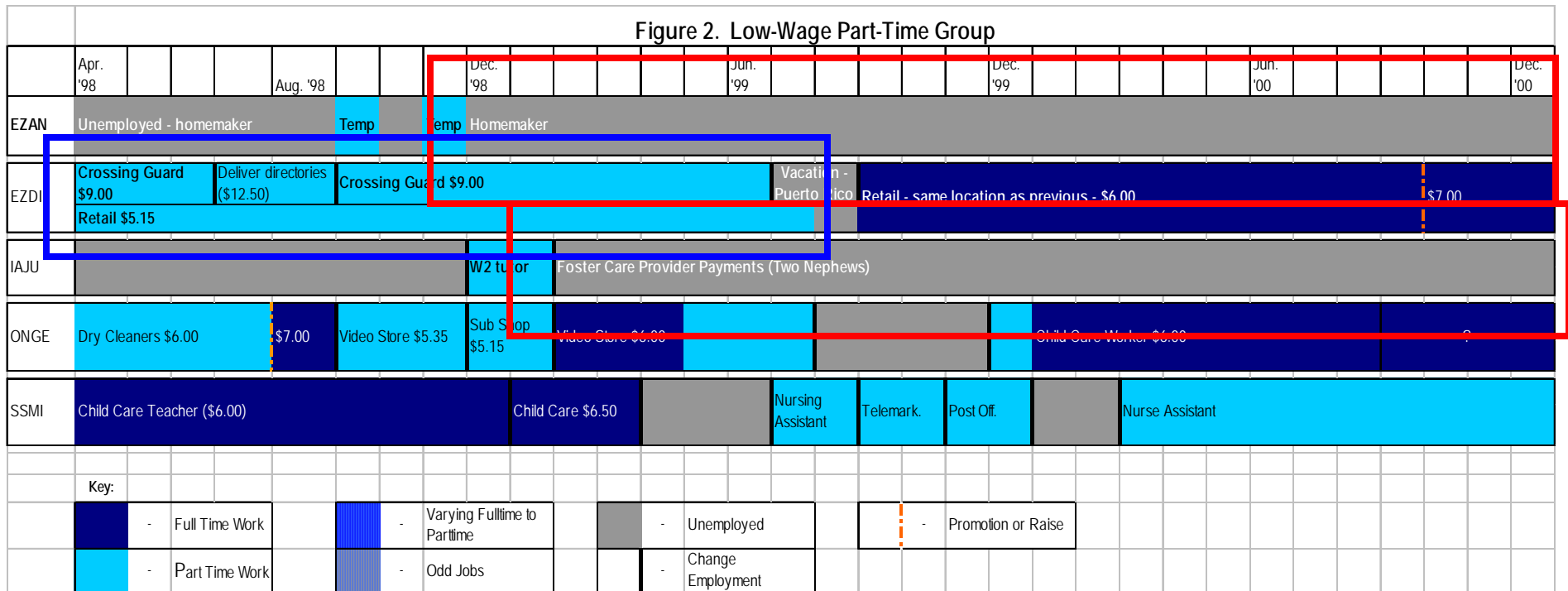
No wage growth (+\$.05)

Lowest wages of all groups (avg \$5.79)

# Work Pathway Members in Ethnographic Sample

- Graphic Timelines of Each  
Respondent's Employment across 2.5  
Years in the Ethnographic Sample

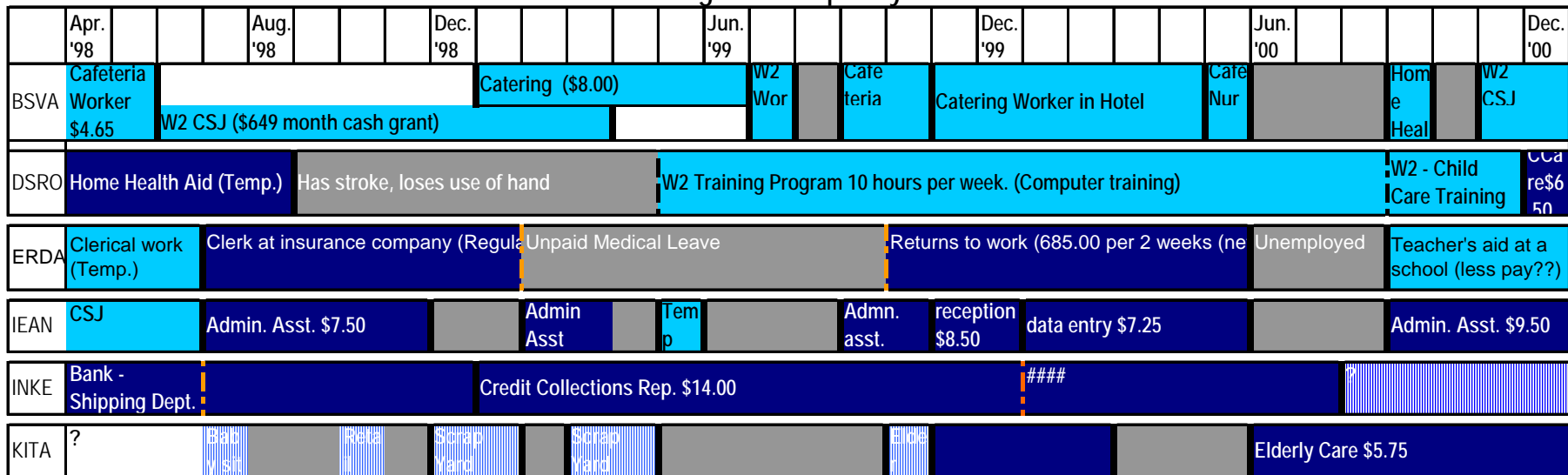
# Ethnographic-Sample Members of the Low-Wage Part-Time Group



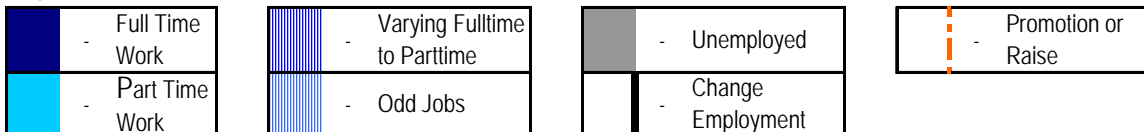
Together with the Rapid Cyclers, least likely to report taking a new job because of a positive aspect of it; most likely to report being fired, suspended; most likely to be in temp work; child care

# Ethnographic-Sample Members of the Rapid Cyclers

Figure 3. Rapid Cyclers

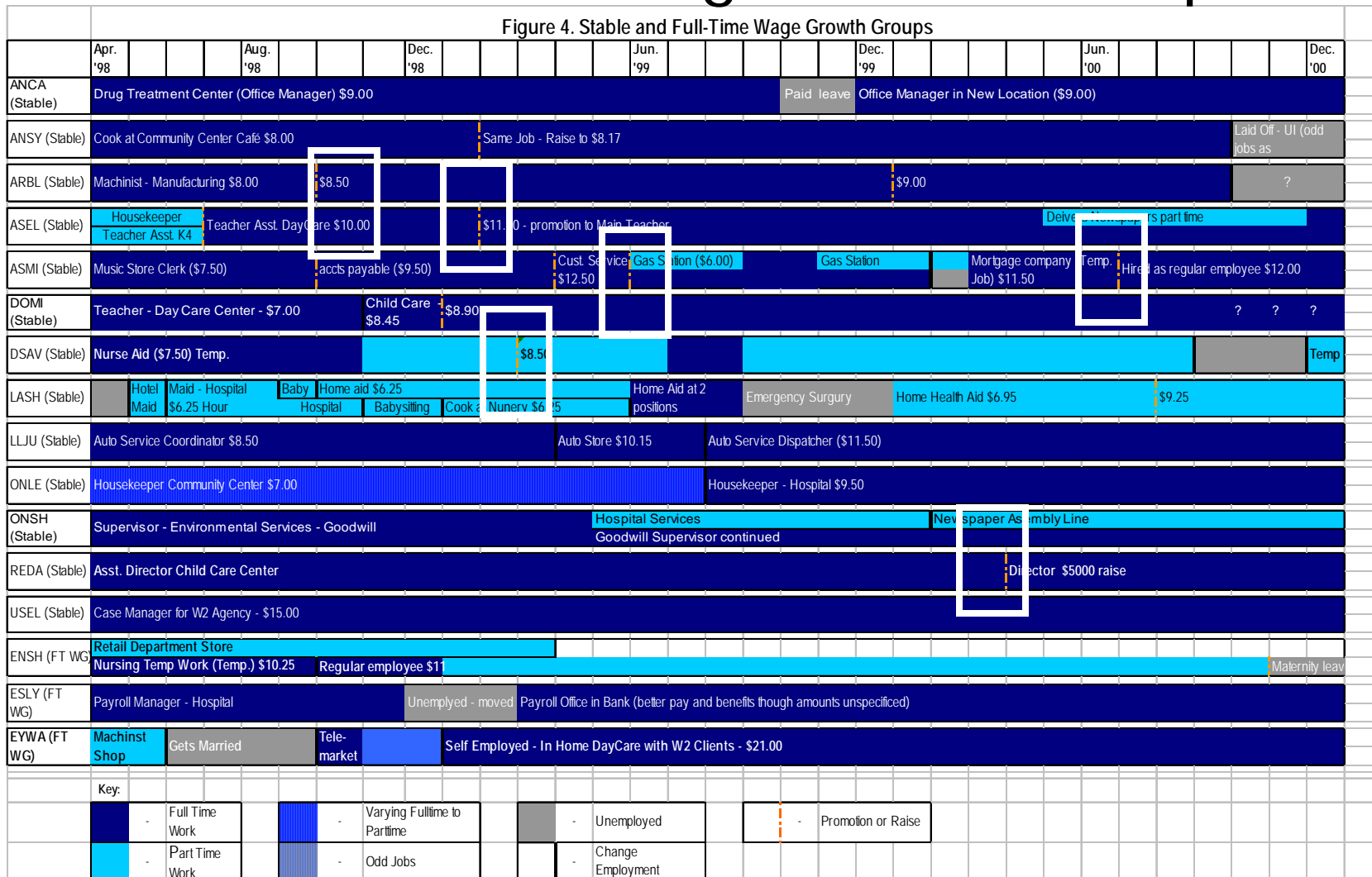


Key:



Together with the Low-Wage Part-Time group, least likely to report taking a new job because of a positive aspect of it; most likely to report being fired, suspended

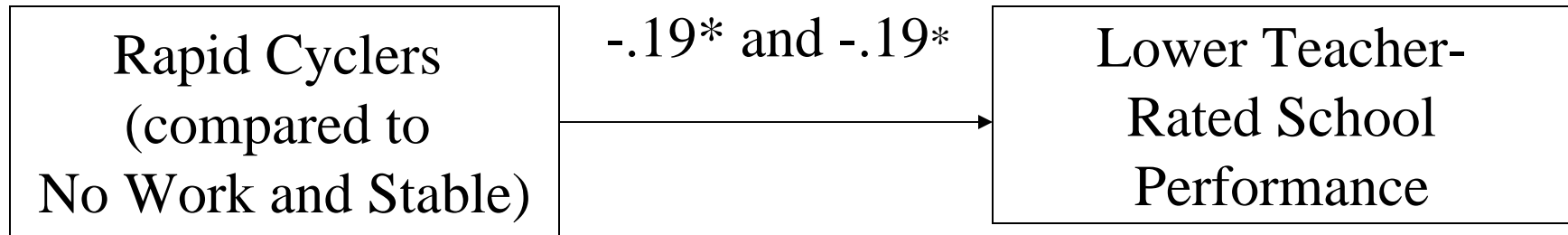
# Ethnographic-Sample Members of the Stable and F/T Wage Growth Groups



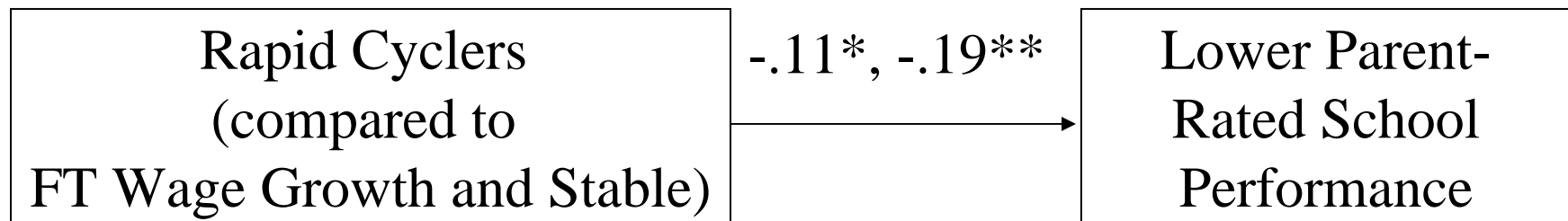
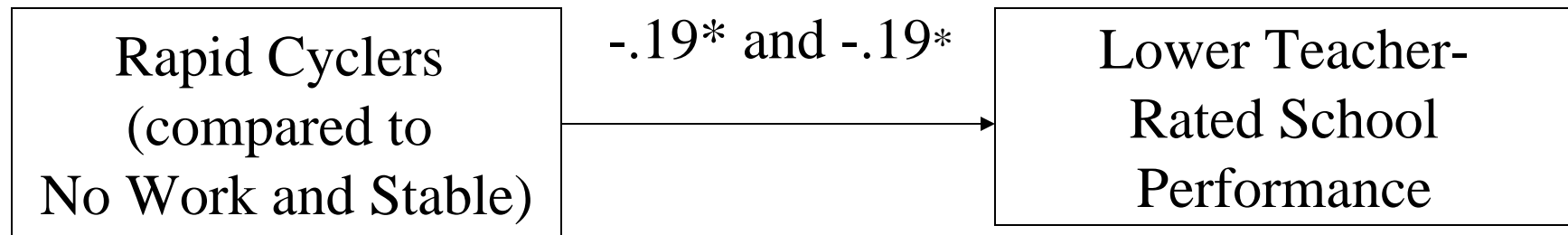
Most likely to be in supervisory positions; experience promotions and raises; most likely to be self-employed

How did Longitudinal Pathways through  
Low-Wage Work Affect Subsequent Child  
School Success and Social Behaviors in  
the Classroom?

# Job Instability: Reasons for Concern

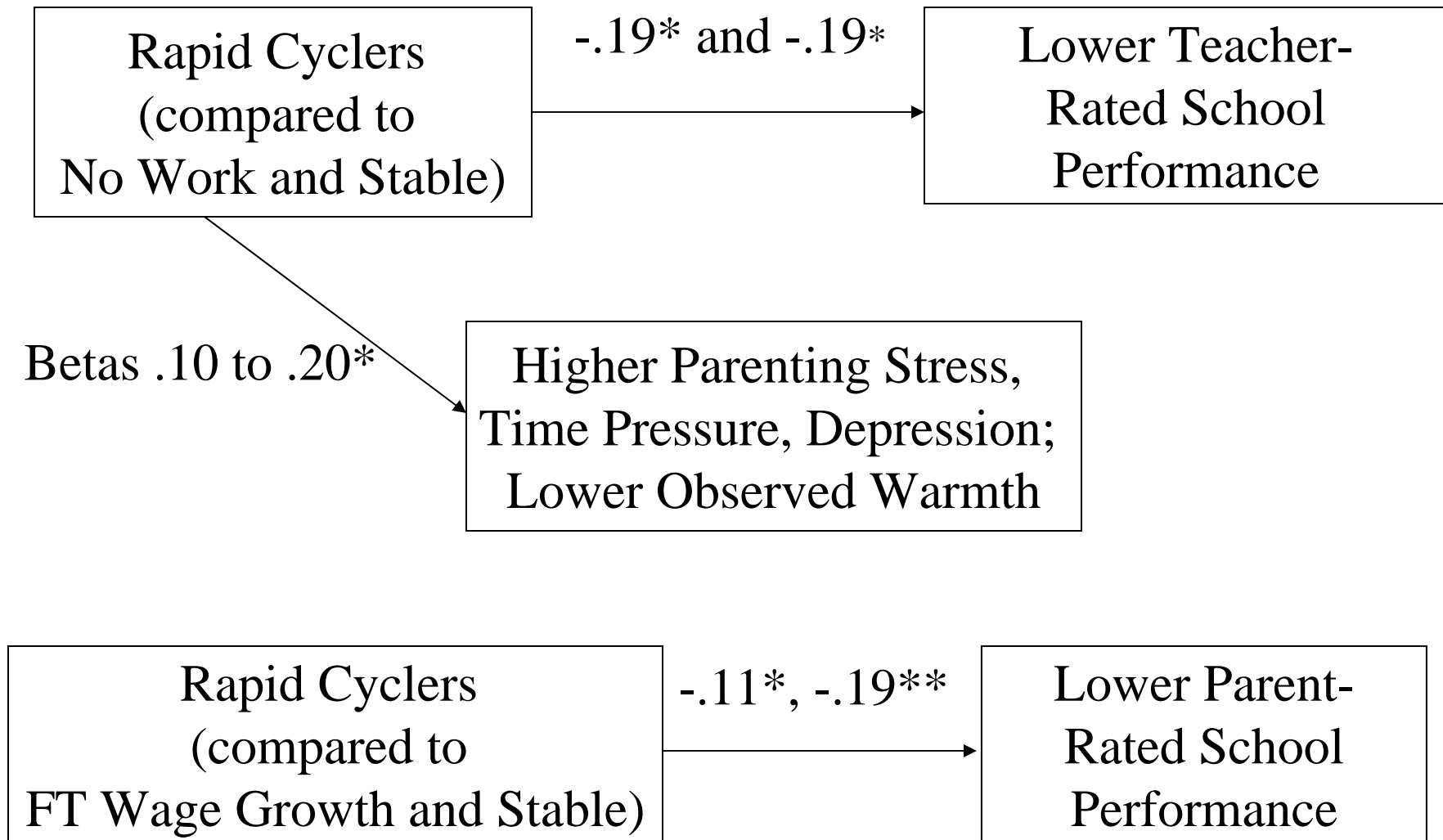


# Job Instability: Reasons for Concern



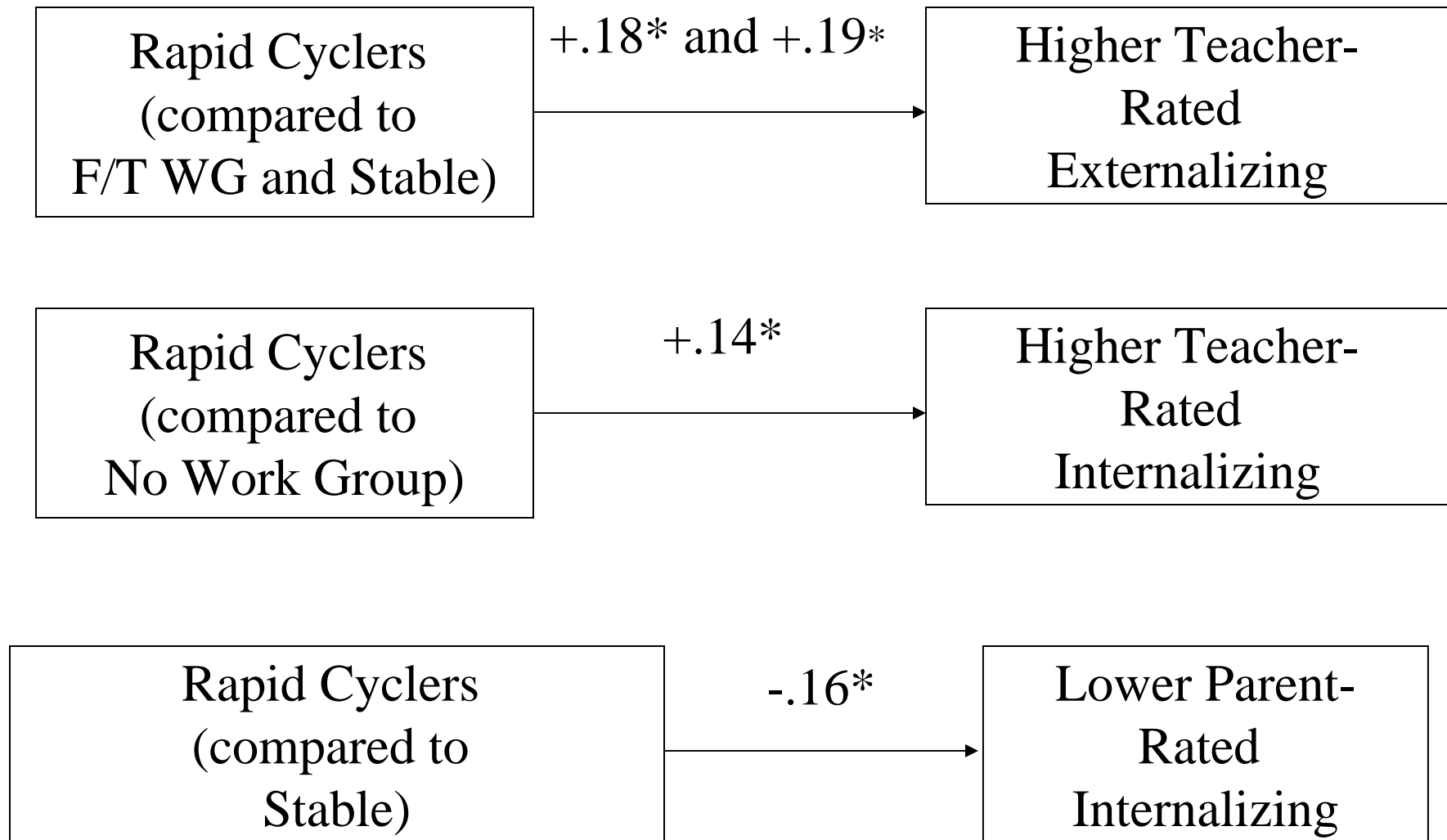


# Job Instability: Reasons for Concern



Few differences across age groups (EC / MC)

# Job Instability: Reasons for Concern



Few differences across age groups (EC / MC)

# Job Trajectories That are Good for Children?

- Parents report as common work-related goals: Increase in wages and job stability
- What about combination of high wage growth and high job stability? [not in cluster groups]

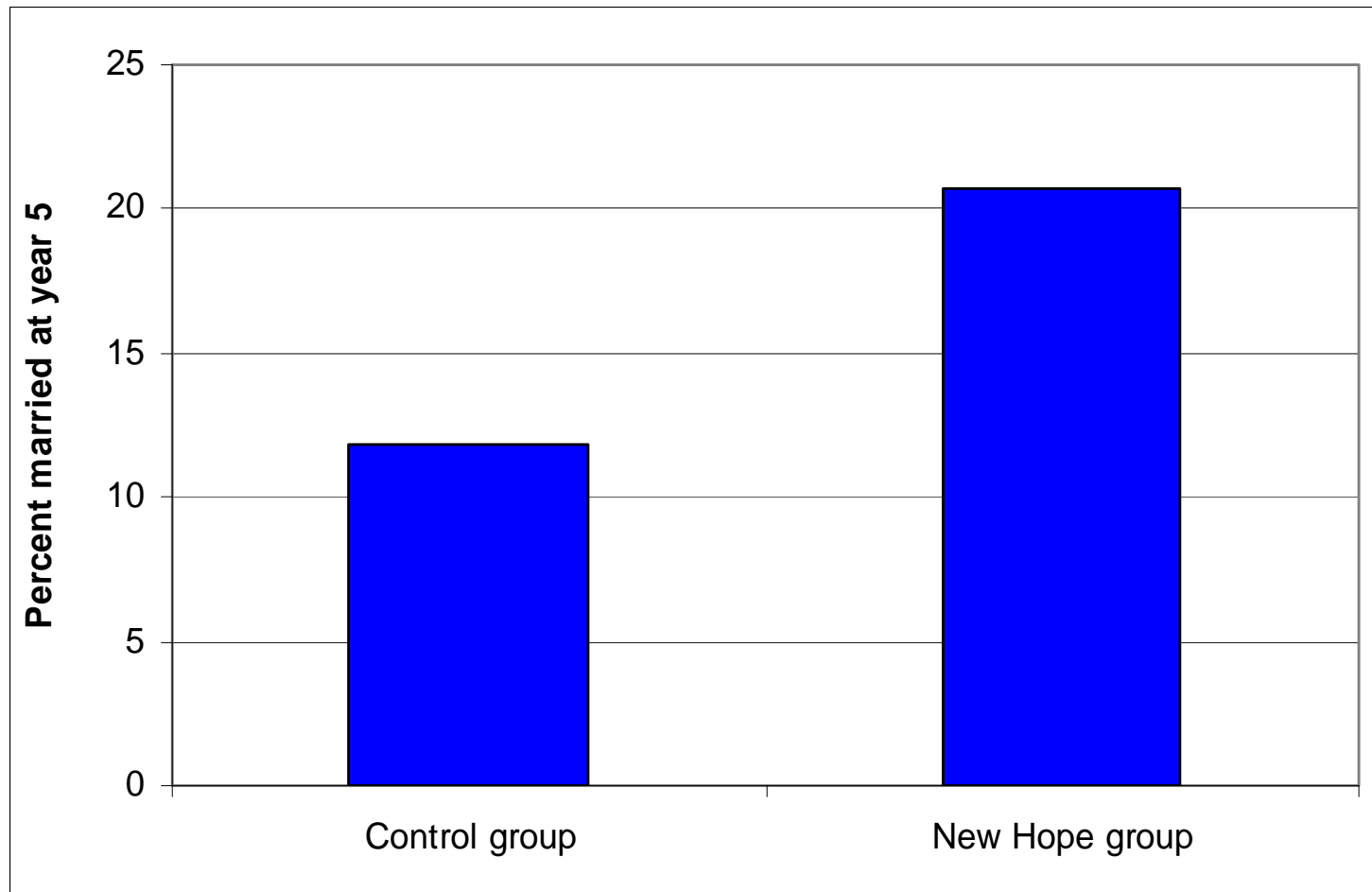
# Wage Growth + Job Stability

- Same controls
- Include interaction of wage growth + job stability instead of cluster dummy variables

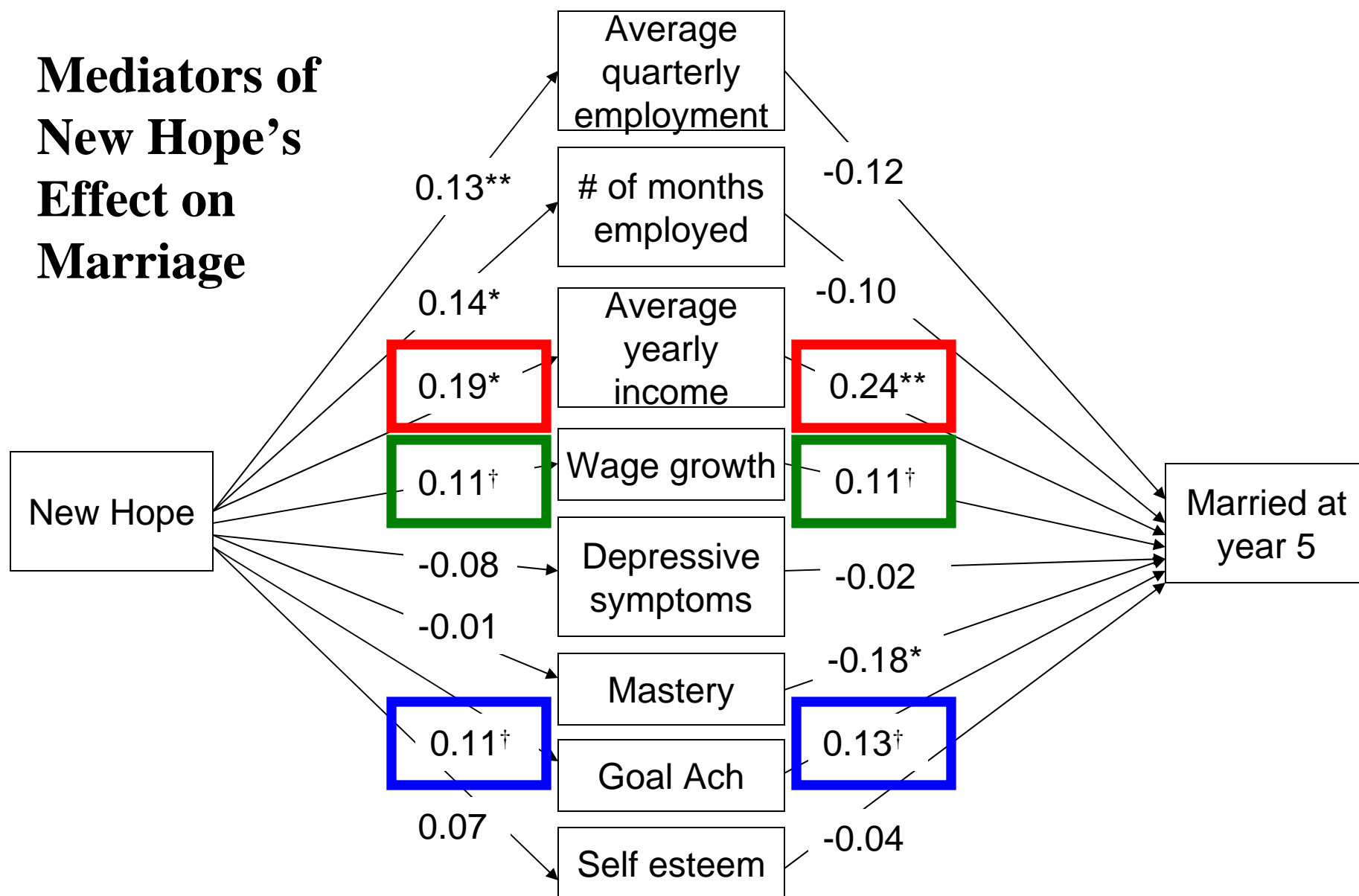
# Wage Growth + Job Stability: Positive for Parents and Children's Development

	Positive Association?	How Did it Occur?
<b>CHILD OUTCOMES</b>		
Parent-rated School Perf	+*	* Through expectations
Teacher-rated School Perf	+*	* Through expectations
<b>FAMILY MEDIATORS</b>		
Educ expectations	+*	NA
Monitoring	+*	NA
Warmth		NA
Time Pressure		NA
Depression		NA
Parenting Stress		NA
Marriage	+*	NA

# Results: New Hope program effect on marriage (+9% pts)



# Mediators of New Hope's Effect on Marriage



Note: Errors for all mediator variables are correlated. Analyses control for the following baseline characteristics: race; number of children in household; age of youngest child; working full time at RA; receiving government aid at RA; earnings in prior year; high school diploma; has car.

# Goals for Policy for the Working Poor That May Benefit Children

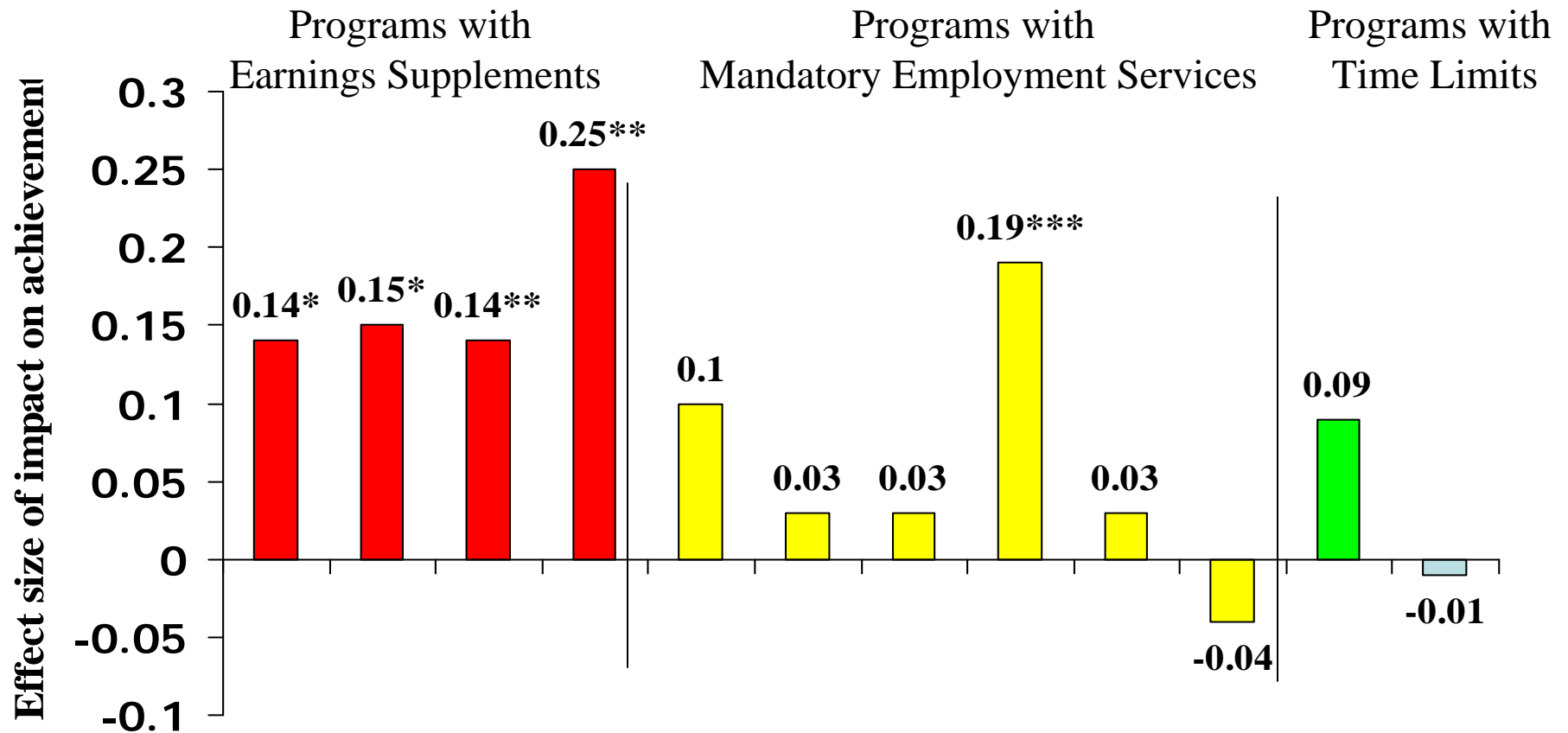
- 1) Facilitate wage growth and job stability; reduce extreme job instability.
- 2) Increase flexibility in work schedules, particularly during daytime hours.
- 3) Reduce costs associated with work, particularly transportation and child care costs.



# Evidence from Other Experiments of the Benefits of Increasing both Work and Income

- 12 randomized experiments conducted in mid to late 1990's, with 3 to 4 year follow-up measuring children's school performance and social behaviors.
- 3 types of policies across the 12 experiments:
- 1) Earnings Supplement programs (New Hope is one)
- 2) Programs simply mandating employment, but without raising income
- 3) Programs with some combination of 1) and 2) plus a time limit.

# Elementary school-age children: Only programs with earnings supplements consistently benefit children (Morris et al., 2001)



Statistical significance levels are indicated as: \* =  $p < .10$ ; \*\* =  $p < .05$ ; \*\*\* =  $p < .01$ .

# Policy Recommendations: Improving the World of Work for the Working Poor and Their Children

- 1) Expand earnings supplements contingent on work (Sawhill / Thomas proposal for EITC; refundable DCTC) to allow more access to child care and transportation supports.
- 2) Implement the New Hope model of work support with modifications:
  - Target to parents not working FT
  - Provide services after job loss
  - More intensive services for those with highest barriers to work
  - Test inside and outside WIA / TANF system
- 3) Flextime policies in low-wage workplaces.

## What Difference Would These Programs and Policies Have Made for Evelia, Iris, and Julie?

Case	Effects
<p>Evelia (Low-Wage Full-Time: single M, 4 children, FT work at \$8 / hr temp job with no benefits)</p>	<p>EITC: \$4,285 instead of \$3,065            DCTC: \$1,296 instead of \$0            New Hope: extra \$1,152            Extra \$3,668 per year; based on experimental data, this would be associated with improvement in school performance of .5 standard deviation.            Child care subsidy + workplace flexibility = reduced child-care and health crises.</p>
<p>Iris (Low-Wage Part-Time): married, 2 children, not working</p>	<p>Referrals to counseling.            Stronger work incentive in phase-in range of EITC (stronger than \$1.40 for every \$1).            DCTC: up to \$1,440 instead of \$0            NH case rep would have explained these incentives.            Flextime: ability to respond to son's behavior problems.</p>
<p>Julie (Stable): single, 2 children, working FT \$10.15/hr with benefits</p>	<p>EITC: \$3,923 instead of \$2,160            DCTC: Nothing (sons over age 13)            New Hope: no extra wage supplement</p>

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