

Introducing the Issue

Ron Haskins and Isabel Sawhill

Hurricane Katrina forced Americans to confront inner-city poverty and misery, not least by bringing indelible images of poverty onto the nation's TV screens. The predictable reaction of the news media was that Katrina revealed poverty as a major problem in the United States, a problem that neither the government nor the average American was doing much to fight.¹

Although the nation is no longer making major advances against poverty as it did during the 1960s and early 1970s, it has still made some gains in recent years, especially among particular demographic groups. And there is every reason to believe that further progress is possible. The purpose of this volume of *The Future of Children* is to present and explain several specific public policies that would, if well implemented, achieve further reductions in poverty. Before reviewing these policies, we briefly survey historical trends in poverty in the United States and examine several of the forces that shaped them.

Poverty and Its Causes

A surprising fact about poverty in the United States is that it declined steeply throughout

the 1960s and then increased in an uneven pattern thereafter, never again equaling its low point during the early 1970s. Children's poverty has followed this pattern, with increases in many years after the early 1970s. By contrast, the poverty rate among the elderly continued to fall throughout the period, from nearly 25 percent in 1970 to 10 percent by 2005. The decline in poverty among the elderly has a straightforward explanation—Social Security.² Congress increased Social Security benefits several times during the 1970s and indexed benefits to inflation, boosting millions of low-income elderly Americans above the poverty line. The case of the elderly shows that if government gives people enough money, their poverty rate will drop. But Americans generally do not support taxing one group of Americans, only to give the money away to another group, especially if the receiving group is able-bodied but not working.

Poverty and the Economy

As background for proposing new ways to attack poverty, we briefly explore three forces that are widely thought to shape poverty rates: the economy, changes in family composition, and changes in government spending. Perhaps surprisingly, the overall performance

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of the American economy does not explain the nation's inability to make substantial gains against poverty since the 1970s. Although the 1960s saw the highest economic growth rate of the last half of the twentieth century, the following three decades all enjoyed growth of more than 20 percent in per capita gross domestic product (GDP). Yet between the early 1970s and the mid-1990s, poverty increased. Why, with the economy growing, was the nation not able to continue the progress it made against poverty during the 1960s? To paraphrase President Kennedy's famous aphorism, why didn't a rising tide lift more boats?

One reason was wage stagnation at the bottom of the income distribution, which led to growing wage inequality. Between 1979 and 1996, inflation-adjusted wages at the tenth percentile of the distribution fell in most years, ending up about 12 percent below where they started. Wages recovered during the vibrant economy of the second half of the 1990s as poverty fell once again, but even so wound up in 2003 almost exactly where they were in 1979.³ If the impressive reductions in poverty during the 1960s and the second half of the 1990s were caused in part by increasing wages, wages in turn were responding to tight labor markets, as signaled by low unemployment rates. During the 1960s unemployment averaged 4.8 percent and fell as low as 3.5 percent. By contrast, during the 1970s and 1980s, when wages were falling and poverty rising, unemployment averaged 6.2 percent and 7.3 percent, respectively. Only when tight labor markets returned, after the mid-1990s, and unemployment fell to an average of 4.8 percent between 1995 and 2000, did wages once again rise and poverty fall. Economic growth itself will not necessarily lower poverty rates. A better formula for fighting poverty effectively is tight labor markets accompanied by rising wages.

Poverty and Family Dissolution

Changes in family composition have been a major force driving Americans into poverty. The story of family composition and poverty is straightforward. In most years, poverty in female-headed families is four or five times greater than poverty in married-couple families. High divorce rates, falling marriage rates, and rising nonmarital birthrates over the past three decades have more than doubled the share of children living with single mothers. Even if everything else had stayed the same, having a higher share of people in female-headed families would have increased the poverty rate because of the high poverty rate of this family form. One group of prominent scholars estimated that changes in family structure alone would have raised the poverty rate from 13.3 percent in 1967 to 17 percent by 2003.⁴ Offsetting forces slowed the rise of poverty, but there is no doubt that one major factor underlying the nation's difficulty in cutting poverty rates is the dramatic increase in female-headed families. If a greater share of American children were living with their married parents, poverty would decline. In fact, according to a recent Brookings analysis, if the marriage rate were the same today as it was in 1970, holding all other population characteristics constant, the child poverty rate would fall more than 25 percent.⁵

Poverty and Government Spending

Government spending also affects poverty rates. After all, with the exception of the large insurance programs like Social Security, Medicare, and unemployment compensation, most of the nation's social programs have their roots in the War on Poverty declared by Lyndon Johnson in 1965. Since the mid-1960s, when relatively few government programs were directed at the poor, programs intended to reduce poverty or soften its effect have proliferated. Total federal and state

spending on these programs has increased almost every year, on average at rates much greater than inflation and even greater than GDP growth. According to the Congressional Research Service, means-tested spending increased in inflation-adjusted dollars in all but four of the thirty-six years between 1968 and 2004. Over nearly three decades, real spending grew from about \$89 billion to nearly \$585 billion, driven in large part by exploding health care costs. If spending had grown at the rate of inflation and in proportion to the rise in GDP, in 2004 spending would have been about \$220 billion, less than 40 percent of the actual rate. Yet poverty was higher in 2004 than it was in 1968.⁶ In part this is because the way the federal government computes poverty rates ignores many means-tested benefits,⁷ in part because health care costs have risen so rapidly, and in part because substantial sums are spent on families without bringing them quite to the poverty line, while additional billions are spent on people above the poverty line.

We conclude that although the American economy has enjoyed a healthy growth rate over the past four decades, stagnant wages among the least skilled have made it hard for people holding low-wage jobs to escape poverty. This problem has been exacerbated by changes in family composition. And government spending, which has grown rapidly, has reduced poverty less than had been hoped and in some cases may even have been counterproductive, by reducing incentives to work and supporting young women who have births outside marriage.

Policy Initiatives Can Reduce Poverty: A Success Story

The stubbornness of poverty over the past several decades makes it clear that cutting poverty is a difficult business. But there is

some good news on which to build a strategy for reducing poverty. Between 1991 and 2000, poverty among children in female-headed families plummeted from a little more than 47 percent to 33 percent, by far its lowest rate ever. This abrupt decline—30 percent in less than a decade—comes close to rivaling the 45 percent fall in the overall poverty rate during the 1960s. Even after

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four straight years of increases, caused in part by the recession of 2001, which saw poverty in female-headed families rise from 33 percent to nearly 36 percent, the poverty rate for these families was still nearly 25 percent below its 1991 peak.

By any measure, the 1990s decline in poverty among female-headed households is impressive and demonstrates that progress against poverty is possible. The poverty rate for these families before any government benefits in 1999 was 11 percentage points lower than the 1990 rate (50 percent as against 39 percent), reflecting the dramatic increase in employment and earnings achieved by single mothers during the intervening years. One explanation for this increase in work was the 1996 welfare reform legislation that imposed a five-year time limit on mothers receiving welfare and required them to search for work or have their cash benefit reduced or termi-

nated. These reforms were followed by a huge increase in the number of poor mothers leaving welfare and increasing both their employment and their earnings, which in turn substantially lowered their poverty rate.

Adding government transfer payments, including Social Security, food stamps, housing, and the earned income tax credit (EITC), to these women's market income produces a decline of 12 percentage points in a comprehensive measure of poverty—from 37 percent to 25 percent. By this broader definition, if the poverty rate in 1999 (25 percent) had been the same as in 1990 (37 percent), a total of nearly 4.5 million additional people, many of them children, would have been poor.

In sum, this combination of policy based on sticks (such as the work requirements, time limits, and sanctions of welfare reform) and carrots (such as child care and the earned income tax credit) is an effective strategy for fighting poverty. Moreover, it is consistent with the domestic philosophies of the nation's two major political parties. Republicans emphasize that progress will not be possible unless individuals behave more responsibly—and more in accord with traditional American values—than they have in the past. Democrats emphasize that serious personal effort and responsible behavior alone will not be enough to allow millions of poorly educated adults and their families to escape poverty. Both individuals and government, in other words, have major roles to play in reducing poverty, and both parties can—and indeed have—supported work requirements and work support programs. Keeping this winning combination of approaches in mind, let us review some specific proposals for government action that will lead to further reductions in poverty.

Extending Sticks and Carrots to Young Men

A major limitation of the current stick-and-carrot approach to fighting poverty and reducing inequality is that it is confined almost exclusively to single mothers. At the same time as poor women were entering the labor force by the millions during the 1990s, the work rate among less-educated men fell. That decline is particularly remarkable because during the second half of the 1990s the unemployment rate fell to 4 percent and wage rates at the bottom of the wage distribution rose for the first time in two decades. The stick-and-carrot approach of encouraging or requiring work and reinforcing it with work support benefits has not been tried with men, in part because most are not eligible for public benefits. Thus, we asked two of our authors, Gordon Berlin, president of MDRC, and Lawrence Mead of New York University, to focus their antipoverty analysis and recommendations on young men.

Providing Work Incentives for Fathers

As noted, falling wages and the striking increase in children living with a lone parent, usually the mother, are the two principal explanations for the lack of progress against poverty since 1973. The problems of falling wages and single parenthood are intertwined. As the wages of men with a high school education or less began to tumble, their employment rates also fell. The result was that the share of men who could support a family above the poverty line began to decline, reducing the willingness of low-income women to marry the fathers of their children. Low-income men and women consistently tell interviewers that they weigh these issues when making decisions about marriage.

Berlin's proposal would partially overcome the low wages and income of poorly educated

males by using the earned income tax credit to supplement the earnings of all low-wage workers aged twenty-one or older who work full time—regardless of whether they have children or whether they are married. Berlin argues that by conditioning the benefit on full-time work, by targeting individuals regardless of their family status, and by treating EITC payments as individual income rather than as joint income for income tax purposes, this earnings-based supplement would restore equity to the American social compact without distorting incentives to work, marry, and bear children. In addition, the policy would create social policy parity between poor men and women, help noncustodial fathers in low-wage jobs meet their child support obligations, and raise the opportunity cost of criminal activity. The largest benefits by far would accrue to two-parent households in which both adults work full time. The policy would come with a price tag of nearly \$30 billion a year when fully implemented.

Helping Fathers with Special Problems

Although increasing wage subsidies could increase work rates among poor males, Mead argues that low wages are not the primary reason for their lack of employment. Many poor men appear to resist taking or keeping low-paid jobs because of an oppositional culture in which the search for respect takes precedence over maximizing income. Thus, although work subsidies like Berlin's EITC proposal would likely make some difference, Mead believes that restoring work discipline among many of these men requires special measures. He recommends that government link new benefits with work requirements, as it has for welfare mothers. Two groups of disadvantaged men present an opportunity to test Mead's approach of combining the government's authority to require work with its ability to provide rewards for work. Specifi-

cally, disadvantaged men who owe child support and ex-offenders who have been released from prison on parole would be assigned to a mandatory work program if they did not work regularly. There, in return for supervised employment, they might receive the enhanced work subsidies recommended by Gordon Berlin. Large child support arrears might also be reduced. Such a work program might cost from \$2.4 billion to \$4.8 billion annually. A similar child support model was tested during the 1990s with partial success, and evaluations of prison reentry programs along these lines are currently under way.⁸ If these studies show positive results, Mead favors federal funding of additional demonstrations to help settle on the best model for mandatory work programs.

Improving Supports for Working Families

Like the stick-and-carrot approach for mothers, these approaches with fathers try to capitalize on policies that both push and pull men into the workforce. But many observers believe that the current work supports for low-income workers, whether male or female, are inadequate. The new combination of work requirements, sanctions, and work supports has been moderately effective, but it should be regarded as an evolving system that needs constant attention and improvement to bring still more adults into the workforce and to provide them with supports that will allow them to better their material lives and those of their children. Two of the most important problems in the current system are the shortage of funding for child care and the number of poor working adults who are not covered by health insurance. The work support system would be greatly improved if the nation could guarantee child care and health coverage to all parents who are willing to work. Thus we asked Mark Greenberg, a noted

child care expert at the Center for American Progress, to propose a plan to expand child care, and we asked Alan Weil, executive director of the National Academy for State Health Policy, to propose a plan to cover all poor working families with health insurance.

Providing Good Child Care

Greenberg's proposal is based on the view that a national child care strategy should pursue four goals. First, every parent who needs child care to get or keep employment should be able to afford care without having to leave the children in unhealthy or dangerous environments; second, all families should have the opportunity to place their children in settings that foster education and healthy development; third, parental choice should be respected; and fourth, a set of good child care choices should be available. To attain these goals, the nation should revamp both federal child care subsidy programs and federal tax policy related to child care. Today subsidies are principally provided through a block grant structure in which states must restrict eligibility, access, or the extent of assistance to husband limited federal and state funds. Tax policy principally involves a modest non-refundable credit that provides little or no assistance to poor and low-income families.

To improve this flawed system, Greenberg would replace the block grant with a federal guarantee of child care assistance for all working families with income under 200 percent of poverty. This federal assistance program would be administered by the states under a federal-state matching formula, with the federal government paying most of the cost. States would be responsible for developing and implementing plans to improve the quality of child care, coordinate child care with other early education programs, and ensure that child care payment rates are

sufficient to allow families to purchase care that fosters healthy child development. In addition, Greenberg would restructure the federal dependent care tax credit as a refundable tax credit, with the credit set at 50 percent of covered child care costs for the lowest-income families and gradually phasing down to 20 percent as family income increases.

Taken together, the subsidy and tax changes would lead to a better-coordinated system of child care subsidies in which working families below 200 percent of poverty would be assured of substantial financial help, while tax-based help would ensure continued, albeit significantly reduced, assistance for families with higher incomes. Greenberg estimates that the additional cost of these two reforms would be on the order of \$13.5 billion a year, of which the federal share would be about \$8.5 billion if that share remained the same as under current law.

Providing Health Insurance

Another work support that is needed by low-income working families is health insurance. Medicaid was created in 1965 to provide health insurance to poor and disabled individuals and families. The original program, however, created a major work disincentive because virtually the only way to get Medicaid coverage was to be on welfare. If a mother on welfare went to work, in most cases both the mother and her children lost their Medicaid coverage. Beginning in the mid-1980s, Congress gradually began to loosen the link between welfare and Medicaid for children. Then, in 1997 Congress enacted the State Children's Health Insurance Program (SCHIP), which provides coverage to children in families with income well above the poverty level. Now, regardless of welfare status, nearly all children in families

with incomes under 200 percent of poverty are covered by either Medicaid or SCHIP. Despite being a great improvement over the old system, the new one nonetheless suffers from a serious flaw: poor parents are often not covered. Parents who leave welfare normally get a year of coverage, but after that they are uncovered unless their employer provides a subsidized plan—which is rarely the case in the low-wage market in which most of these parents participate. Similarly, parents who avoid welfare but take one of the millions of jobs that do not provide employee benefits usually have no coverage at all. This lack of coverage for adults constitutes a disincentive to work and may indirectly affect the health of children, because adults without health insurance are less likely to take their children for preventive care.⁹

Alan Weil proposes creating a federal earned income health credit (EIHC) combined with redefining the federal floor of coverage through Medicaid and SCHIP. His proposal is designed to address the two key requirements for an effective policy of covering all members of poor and low-income families: overcoming the affordability barrier that so many families face and making sure enough options are available that individuals and families can obtain coverage using a combination of their own, their employer's, and public resources.

The EIHC, which borrows heavily in its design from the EITC, would be a refundable tax credit claimed each year on the federal tax return but available during the year in advance of filing. The credit would be based on taxpayer earnings and family structure, with the amount phasing in as earnings increase, reaching a plateau, and then phasing out farther up the income scale. The credit would be larger for families with dependents, reflecting

the higher cost of health insurance for a family than for an individual. The EIHC would be available only to adults who demonstrate that they had health insurance coverage during the year and, in the case of adults with children, only if their eligible dependent children were enrolled in either a private or the appropriate public program. For recipients whose children are enrolled in a public program, the value of the EIHC would be reduced.

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Weil's proposal includes provisions for handling individuals who receive coverage from their employer and those who do not. The EIHC is designed to function seamlessly with the employee payroll withholding system. The proposal smooths transitions from public to private coverage, and it anticipates a substantial role for states. Weil estimates that his policy would cost about \$45 billion a year (\$35 billion in federal dollars and \$10 billion in state dollars).

Creating Longer-Term Strategies

A distinguishing characteristic of the carrot-and-stick policies discussed so far is that they lead to almost immediate payoffs. The goal is to provide requirements or inducements for poor and low-income adults to enter the labor force and to provide government work supports that would reward work and improve the family's economic well-being as

soon as they begin working. But these policies do not do much to reduce poverty in the long term by promoting children's development. Especially in a nation that prides itself on the claims that all children have a chance to do better than their parents and that education is the primary route to such self-improvement, policies to reduce poverty and inequality in the long run are essential. The United States remains a society with much economic mobility—although not as much as the public seems to assume. In fact, as suggested in a recent volume of *The Future of Children*, education in America now seems to reinforce rather than compensate for the differences between economic and social groups.¹⁰ The work strategy outlined above could affect children's development by increasing family resources that could be used to purchase services—such as high-quality child care—that would benefit children. But careful analyses of welfare-to-work experiments that achieved high work rates have shown only modest effects on children.¹¹ To boost the development of poor children, policymakers will need to go beyond work-promotion strategies.

Reducing Nonmarital Births and Strengthening Marriage

One strategy that straddles the divide between immediate and long-term effects is reducing nonmarital births and increasing the share of children who live with their married parents. As noted, a Brookings study has shown that if the same share of children lived with their married parents today as in 1970, poverty would fall more than 25 percent without any additional government spending. Although some analysts despair of reversing the growth in single-parent families that has afflicted the nation since roughly the 1960s, some progress has already been made. The most impressive change is the decline of teen

pregnancy by about one-third since 1991. If teen pregnancy had not declined, the number of children from birth to age six living in poverty would be 8.5 percent higher than it is today.¹² In addition, the divorce rate stopped increasing during the 1980s, and the rate of increase in the nonmarital birth rate has slowed considerably since the mid-1990s. Even so, because of changes in family composition—changes that disproportionately affect poor and minority families—the share of children in single-parent families has more than doubled since 1970.

Reversing the trend toward single-parent families would have an immediate effect in reducing poverty rates. But perhaps more important, it would also have a long-term effect on children's growth and development. A recent volume of *The Future of Children* is devoted to the importance of marriage to children.¹³ The volume reflects the nearly universal view among scholars that children do better in married-couple families than in any other living arrangement. Thus, in addition to quickly reducing poverty rates, increasing the share of children in married-couple families would benefit their development over the long term and reduce the likelihood that they would be poor when they grow up. We invited Paul Amato of Pennsylvania State University and Rebecca Maynard of the University of Pennsylvania to present and analyze specific recommendations on reducing teen and unwed pregnancy and strengthening marriage.

Amato and Maynard propose programs to prevent nonmarital births by promoting abstinence among nonmarried adolescents and by improving contraceptive use among sexually active couples who are not intending to become pregnant. And they propose programs to improve the quality of marital rela-

tionships and lower divorce rates by teaching individuals and couples communication, conflict resolution, and social support skills before and during marriage.

The authors argue that an average delay of one year in the age at first intercourse among youth would lower the share of twelve- to nineteen-year-olds at risk for pregnancy and birth by about 9 percentage points. This delay, in turn, would reduce the number of teen births by about 81,000, or 24 percent a year. If only half of teens not now using contraception were to become consistent users of condoms, the pill, an injectable form of contraception, or an implant, the number of unintended births would decline by an estimated 60,000 a year, or 14 percent.

Recent trends in teen sexual activity, contraceptive use, and births suggest that a combination of existing policies and changes in the larger culture have produced favorable reductions since the early 1990s. Thus, Amato and Maynard recommend that all school systems offer health and sex education, beginning no later than middle school, with the primary message that parenthood is highly problematic for unmarried youth and young adults. They also recommend that school systems (as well as parents and community groups) educate young people about methods to prevent unintended pregnancies. Ideally, the federal government would provide districts with tested curriculum models that emphasize both abstinence and the use of contraception. All youth should understand that pregnancies are preventable and that unintended pregnancies have enormous costs for the mother, the father, the child, and society.

In addition to reducing unintended births, Amato and Maynard argue that supporting marriage is potentially an effective strategy

for fighting poverty. Research indicates that premarital education improves subsequent marital quality and lowers the risk of divorce. About 40 percent of couples now participate in some type of education program before marriage. The authors suggest doubling the overall rate from 40 percent to 80 percent by offering such programs on a voluntary basis. They also recommend that states offer mar-

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riage education programs to 2 million married couples. Expanding marriage education services in this fashion could result in a decline in divorces of about 72,000 annually, which in turn would reduce by around 65,000 the number of children entering a single-parent family every year because of marital dissolution. The number of children spared the experience of divorce would accumulate annually, and after seven or eight years, half a million fewer children would have entered single-parent families through divorce. Amato and Maynard present estimates to show that these investments in premarital and marriage education programs would almost certainly be cost effective in the long run and could reduce child poverty by nearly 30 percent.

Increasing Preschool Education

Along with trying to avoid nonmarital births and increase the share of children in married-

couple families, another long-term strategy for fighting poverty is to improve education. We asked Greg Duncan of Northwestern University, Jens Ludwig of the University of Chicago, and Katherine Magnuson of the University of Wisconsin at Madison to recommend promising reforms at the preschool level aimed at improving the education of poor children.

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The proposal by Greenberg on expanding child care, noted earlier, would allow millions of children to receive subsidized child care while their parent or parents work. Although there is no sharp distinction between the usual type of care that parents select in the market, which is typically of mediocre quality, and the kind of high-quality care that boosts children's development, Greenberg's proposal would provide care that on average would be less expensive than developmental care. A common claim made by both scholars and advocates is that high-quality care can boost children's development and overcome, at least partially, the achievement gap between poor children and their more advantaged peers.¹⁴ Model programs such as Abecedarian and Perry Preschool show that large and lasting gains from interventions during the infant and preschool years are

possible, but these gains are difficult to achieve and would be unlikely as long as most care is of average quality.¹⁵

Duncan, Ludwig, and Magnuson believe the nation should provide very high-quality care to disadvantaged children. They argue that early childhood is a key developmental period, when children's cognitive and socio-emotional skills develop rapidly. Thus, they propose an intensive two-year, education-focused intervention for economically disadvantaged three- and four-year-olds. Classrooms would be staffed by college-trained teachers and have no more than six children per teacher. Instruction based on proven preschool academic and behavioral curricula would be provided to children for three hours a day, with wraparound child care available to working parents. Classroom teachers would engage in parent outreach when they were not teaching.

The authors estimate that the annual cost of the instructional portion of the program would be about \$8,000, with supplemental child care adding as much as \$4,000.¹⁶ Their plan would make both the instructional and child care programs available to all parents, although only low-income parents would receive full subsidies; higher-income parents would pay on a sliding scale related to income. The total cost of their proposal, net of current spending, would be \$20 billion a year. The authors estimate that the benefits would likely amount to several times the cost, with some of the cost saving showing up quickly in the form of less school retention and fewer special education placements and some showing up later in the form of less crime and greater economic productivity. They estimate that their program would reduce participants' future poverty rates between 5 percent and 15 percent by increasing their

future schooling, ultimately leading to higher productivity and earnings.

Improving Public Education

Even as most researchers and analysts agree that high-quality preschool would boost children's development over the long term, researchers also believe that effective public education could augment preschool gains if poor and minority children received higher-quality instruction. Children living in poverty tend to be concentrated in low-performing schools staffed by ill-equipped teachers. They are especially likely to leave school before earning a high school diploma and to leave without the skills necessary to earn a decent living in a rapidly changing economy.¹⁷

In his article Richard Murnane of Harvard University describes three complementary sets of initiatives that the federal government could take to improve the education of impoverished children and increase the chances that they will escape poverty in the long run. All three sets of initiatives are designed to improve the operation of the standards-based educational reforms enacted in the No Child Left Behind Act of 2001 (NCLB). In particular, the initiatives will strengthen the three legs on which standards-based reforms rest: accountability, incentives, and capacity.

The federal government can improve accountability by amending the adequate yearly progress provisions of NCLB. One important change would be to focus on growth in children's skills rather than on having children meet specific test score targets. Another would be to develop meaningful goals for increasing the share of students who graduate from high school.

The second set of initiatives focuses on improving incentives for states to align high

school graduation requirements with the skills needed for success after graduation and to develop voluntary interdistrict school choice programs that attract both low-income urban students and more affluent suburban students to study together. The third set of initiatives builds the capacity of schools to educate low-income children well and the capacity of state departments of education to improve the performance of failing schools and districts. Competitive matching grants would support the development of programs to improve teaching and leadership in high-poverty schools, as well as programs to serve high school students who do not fare well in conventional high school programs.¹⁸

The annual cost of these federal education initiatives would be approximately \$2 billion. Some of the funds could be taken from money now allocated to the federal compensatory education program, which has not systematically improved the academic achievement of the disadvantaged students to whom it was originally targeted.¹⁹

Helping Very Poor Mothers

If all our proposals for reducing poverty were implemented, and were moderately successful, several million families would still remain in poverty—and would likely be more disadvantaged than those who escaped poverty. The article by Rebecca Blank of the University of Michigan focuses on the appropriate policy response to single mothers who face multiple disadvantages and have difficulty finding or holding a full-time job. Some highly disadvantaged women now remain on welfare, although this population is shrinking. Meanwhile, studies show that the number of single mothers who are neither working nor on welfare has grown significantly over the past ten years, and especially since 2000. Such “disconnected” women now make

up between 20 and 25 percent of all low-income single mothers, and reported income in these families is extremely low. These women often report multiple barriers to work, including low education, health problems, or a history of domestic violence or substance abuse. Counting both longer-term welfare recipients and disconnected women, Blank estimates that about 2.2 million women who head families are not able to find jobs or are unsuccessful in holding them; almost 4 million children live in these economically challenged families.

Blank proposes a Temporary and Partial Work Waiver Program to provide greater employment assistance to highly disadvantaged women, as well as economic support. The program would recognize that some women may be able to work only part time or may be temporarily unable to work. It would supplement their earnings while also offering referral to services that address some of their work barriers. The support would be only temporary, and women would be regularly reassessed for their readiness to return to work or work more hours. Such a program would require intensive case management, regular reassessment, and referral to mental health and substance abuse services, job training, and subsidized child care. The program could piggy-back on state Temporary Assistance to Needy Families (TANF) programs, serving their most disadvantaged populations while also bringing in women who are currently outside the TANF system. Blank estimates the cost of her proposal at roughly \$2.8 billion, although some of these dollars are already being spent as part of the TANF program.

Probably the greatest challenge emerging from the welfare reforms of the mid-1990s is the problem of the so-called “hard to em-

ploy” population. Current TANF programs are not well designed to serve these women, many of whom have very limited earnings and no access to public assistance. Blank’s proposal suggests an approach that addresses the problems of highly disadvantaged women who cannot easily move into full-time employment and need greater assistance and support than are provided by traditional work-welfare efforts.

A Strategy for Success

The fact that the nation has made only modest progress against poverty over the past three decades does not mean that progress is impossible. As the decline in poverty among female-headed families during the 1990s shows, poverty can be reduced substantially. The success of welfare reform also suggests a general strategy for cutting poverty further—namely, by a judicious use of sticks and carrots to encourage or require responsible behavior by individuals and to reward responsible behavior with increased income or opportunity. Progress in the battle against poverty is also more likely if the nation can improve the education of poor children who currently fall behind their more privileged peers during the preschool years and never catch up. The articles in this volume, written by some of the nation’s top scholars, outline eight specific proposals that, following this general strategy, have a high likelihood of reducing poverty. Many of the proposals are expensive. But poverty is expensive too: it drains resources from the nation while simultaneously depriving it of human capital that would increase productivity and reduce social problems. Investments in these proposals, which could be financed out of savings from cuts in other government spending, are certain to produce numerous benefits in the long run.

Notes

1. John Cochran, "New Perspectives on Poverty," *Congressional Quarterly Weekly*, October 23, 2006, pp. 2802–09; Julie Kosterlitz, "Social Policy: The Katrina Experiment," *National Journal*, November 5, 2005, pp. 3436–42; Jason DeParle, "Liberal Hopes Ebb in Post-Storm Poverty Debate," *New York Times*, October 11, 2005, p. A1.
2. Jonathan Gruber and Gary Engelhardt, "Social Security and the Evolution of Elderly Poverty," in *Public Policy and the Income Distribution*, edited by Alan Auerbach, David Card, and John Quigley (New York: Russell Sage Foundation, 2006), pp. 259–87.
3. For further analyses of economic factors influencing poverty rates, see Hilary Hoynes, Marianne Page, and Ann Stevens, "Poverty in America: Trends and Explanations," Working Paper 11681 (Cambridge, Mass.: National Bureau of Economic Research, October 2005).
4. Adam Thomas and Isabel Sawhill, "For Love and Money? The Impact of Family Structure on Family Income," *Future of Children* 15, no. 2 (Fall 2005): 57–74; Hoynes, Page, and Stevens, "Poverty in America: Trends and Explanations" (see note 3).
5. Ron Haskins and Isabel Sawhill, "Work and Marriage: The Way to End Poverty and Welfare," *Welfare Reform and Beyond Brief* 28 (Brookings, September 2003); Isabel Sawhill and Adam Thomas, "A Hand Up for the Bottom Third: Toward a New Agenda for Low-Income Working Families," Working Paper (Brookings, May 2001).
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