Inventory of Research on Economic Self-Sufficiency

Economic Self-Sufficiency Policy Research Institute

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I. Goals and scope

The goal of this document is to provide a research inventory of what is known about policies to encourage economic self-sufficiency. Economic self-sufficiency, broadly speaking, means the ability of workers to provide an acceptable standard of living from their earnings over the longer run (perhaps supplemented by income support through policies strongly tied to work, like the Earned Income Tax Credit).

The document emphasizes policies that – broadly defined – are potentially covered by ESSPRI’s research agenda. Moreover, it emphasizes evidence that parallels the goals of ESSPRI’s research, which is to provide causal evidence on the effects of these policies on long-run economic self-sufficiency. This emphasis helps explain both inclusions and omissions from this research inventory. In particular, the emphasis is on policies targeting populations for which achieving economic self-sufficiency is a challenge, and on evaluations that have a longer-run perspective and try to provide evidence on economic self-sufficiency in adulthood.

This inventory is being created at the outset of ESSPRI’s efforts, to achieve several goals:

- To identify what we know and do not know about policies to encourage economic self-sufficiency, including where existing research seems to reach a consensus, where it is in disagreement, and where it is largely non-existent.

- To provide a resource for sharing with ESSPRI’s “clients” information on studies that provide evidence on policies that encourage economic self-sufficiency. To that end, this inventory will be updated over time, including new studies – in particular but not limited to those conducted by ESSPRI research affiliates.

- To help identify key questions and policies where ESSPRI’s impact can be greatest, by serving as an input into deciding what research projects are most valuable, in terms of policies studied and the type of evidence the projects can yield.

The evidence is for the United States, unless otherwise noted. This inventory does not attempt to provide comprehensive coverage of evidence from other countries, and it is anticipated that all ESSPRI projects will focus on the United States, where ESSPRI is likely to be more successful at turning research into successful policy input. Other reviews that cover some of these policies and topics, with varying emphasis on long-run effects, are Bitler and Karoly (2014) and Sherman et al. (2013).

This inventory is intended to be a “live” document that will be updated as new research emerges. In addition, I invite feedback in the form of suggested research to add to the inventory, and interpretation of the existing research. Please email your feedback to esspri@uci.edu.
II. Research Agenda

ESSPRI’s research agenda covers a number of potential policies that can impact income-related outcomes, and hence economic self-sufficiency. The emphasis on policies covered in this research inventory reflects ESSPRI’s research priorities. To help understand what is included in this research inventory, the following list presents, in descending order, these research priorities.

1. Policy interventions that affect people at or near working age with many years of potentially gainful employment in future years, with data that provide evidence on longer-run, income-related outcomes that can be directly linked to economic self-sufficiency. This includes research on local economic development incentives that can generate longer-run outcomes at the local/community level, not necessarily just the individual level. There is particular interest in research that evaluates tradeoffs between short-term distributional impacts and effects on economic self-sufficiency in the longer run, as well as evaluating benefits relative to costs.

2. Policy interventions that, for people at or near working age with many years of potentially gainful employment in future years, affect outcomes plausibly related to longer-run economic self-sufficiency.

3. Policy interventions that occur at somewhat earlier ages, which have a close theoretical link and a strong research basis tying the intervention to longer-run economic self-sufficiency, even if the research design does not permit evaluation of longer-run outcomes.
III. Research Inventory

The research inventory is intended to cover research that fits within the research agenda outlined above. To some extent the number of potential studies grows as the focus shifts to the lower-priority categories, because the categories are broader. In these cases, the inventory is more selective in focusing on the studies that are more directly related to longer-run economic outcomes that influence self-sufficiency.

Each section discusses some of the key questions that have been asked that are related to economic self-sufficiency, as well as questions that could be asked. The hope is that, over time, ESSPRI’s research will expand the evidence base on a growing set of questions.

For the most part, there is no effort here to discuss the merits of the evidence, although the summary sometimes discusses the nature of the evidence; the focus, in this document, is on the main conclusions.

The end of each section tries to summarize what we have and have not yet learned based on this inventory, with regard to the most direct evidence on effects on longer-run economic self-sufficiency (based on the U.S. evidence). This inventory will expand periodically to reflect ESSPRI’s research as well as broader research developments.

The inventory starts with policies already firmly on ESSPRI’s research agenda, then moves on to other policies that could become part of the agenda – although the research agenda is likely to expand to other topics as well. Finally, the inventory touches on some research areas that are not likely to be part of ESSPRI’s research agenda, but are part of a broader perspective on the policies that could impact economic self-sufficiency.
IV. Policies Currently on ESSPRI’s Research Agenda

Minimum Wages

Questions

The minimum wage clearly increases labor income for some in short term. If it causes job loss, does that translate to lower experience and earnings later on? Does it encourage or discourage additional schooling/training? How has the minimum wage affected the longer-run trajectories of low-skilled, minority communities? Does higher income for some families improve long-run outcomes for children, and are these improvements offset by worse outcomes for the children of job losers? What are important questions about the long-run effects of minimum wages on economic self-sufficiency that have not been addressed in the voluminous minimum wage literature?

Research

*Background evidence, theory*

**Grossberg and Sicilian (SEJ, 1999):** Minimum wage jobs exhibit less wage growth than somewhat higher wage jobs, but measured training intensity is not lower in these jobs.

**Carrington and Fallick (MLR, 2001):** Descriptive evidence showing that most MW workers gain experience and move on to higher paying jobs, but some spend large portions of early career in MW jobs.

**Acs, Loprest, and Ratcliffe (Urban Institute, 2010):** Sizable share of low-wage workers remains low-wage, sizable share leaves employment, and sizable share has substantial wage growth. (Study appears again in different context, below.)

**Gorry (European Economic Review, 2013):** In search model, higher MW in youth reduces experience, leading to higher unemployment via less experience.

**Looney and Manoli (unpublished, 2013):** Policy changes in 1990s led to sizable increases in employment rates of single mothers. This led to increased experience, but very slight positive impact on wages. It does not use direct policy-induced changes in experience, but observation that with welfare reform, increase in employment was largely for those with children under age 6.

**Martin and Takayama (unpublished, 2015):** In theoretical model with human capital accumulation, higher minimum wage (and tax wedge) has adverse effects on longer-run earnings for the lowest-skilled individuals.

*Evidence on policy effects*

**Acemoglu and Pischke (NBER WP 7184, 1999):** No evidence that a higher minimum wage reduces training.
Neumark and Wascher (JoLE, 2001): Minimum wages reduce training to improve skills on the current job, and do not appear to have offsetting positive effects on training to qualify for the job.

Arulampalam, Booth, and Bryan (EJ, 2004): Based on the introduction of a national wage in the UK, no evidence that training of affected workers fell, and some evidence it increased. (Evidence for the UK.)

Metcalf (EJ, 2004): Introduction of a national minimum wage in the UK increased the probability and intensity of training.

Neumark and Nizalova (JHR, 2007): Exposure to higher MW as teenager reduces earnings in longer-run.

Cardoso (IZA DP 4236, 2009): Exposure to higher MW as teenager increases adult wage but flattens wage-tenure profile, with convergence by mid-20s. (Evidence for Portugal.)

Papps (IZA DP 8421, 2014): Long-run effects of MW depend on competitiveness of labor market. In UK data, long-run adverse effects on earnings for those exposed to higher MW before age 22, but only in nonunion settings. (Evidence for UK.)

Clemens and Wither (NBER WP 20724, 2014): Minimum wage reduced employment, and through that led to lower income growth of targeted workers, in part through reductions in the accumulation of experience.

Tentative conclusions

There is not much work on how minimum wages influence wages, earnings, and family income in the longer run. Evidence on how minimum wages affect training is ambiguous. However, the two U.S. papers that focus on earnings point to adverse effects on individuals.

Earned Income Tax Credit (EITC)

Questions

Does inducing work for some lead to greater labor force attachment and higher earnings later? Does it potentially have offsetting adverse long-run effects on those potentially crowded out by higher labor supply of single mothers (exposed teens, low-skilled adult males), or for whom the EITC generates disincentives to supply labor? Do EITC/minimum wage interactions accentuate these effects? Does higher income for some families from the EITC or similar programs improve long-run economic outcomes for children? Again, what are important questions about the long-run effects of the EITC on economic self-sufficiency that have not been addressed?

Research

Background evidence, theory

Heckman, Lochner, and Cossa (NBER WP 9083, 2002): Effect of EITC on skills depends on model of skill formation. When training is OTJ (costly time investments), wage subsidies
increase skill investment for those in the phase-out region. But less-educated women are not in this region, and hence EITC reduces their skill formation. Learning by doing (which is not costly in terms of wages) is affected differently by EITC, and skills can increase slightly among the less-educated. These are intensive margin effects. On extensive margin, either model implies increased skills of entrants. Based on model and simulation, EITC reduces skills of less-educated women, because marginal changes among workers dominate. Large entry effects would be required to offset this.

**Dowd and Horowitz (Public Finance Review, 2011):** Large share (61%) of EITC recipients relied on it only in short-term, while small share (11%) relied on it longer-term.

**Evidence on policy effects**

**Card and Hyslop (Econometrica, 2005):** SSP program in Canada created short-term positive work incentives, but no long-run impact on wages or welfare participation. (Evidence for Canada.)

**Dahl et al. (National Tax Journal, 2009):** Single women induced to enter the labor market because of the EITC had higher subsequent earnings growth, possibly via increased human capital accumulation stemming from the positive employment effects of the EITC.

**Acs, Loprest, and Ratcliffe (Urban Institute, 2010):** No effect of small changes in the EITC on index of economic self-sufficiency (earnings/needs), but analysis is not dynamic in any sense, except in very short term, and focuses on period of modest EITC changes.

**Chetty, Friedman, and Rockoff (Proceedings, Annual Conference on Taxation and Minutes of the Annual Meeting of the National Tax Association, 2011):** Using nonlinearities in tax credit schedules, each dollar in tax credits, through effects on children’s test scores, more than pays for itself in higher earnings; no direct evidence on earnings.

**Blank (unpublished, 2012):** Dynamic model of EITC, hours, wages, and employment. Because of program interactions, EITC encourage part-time work, which does not translate into higher wages.

**Dahl and Lochner (AER, 2012):** Uses EITC as IV for family income, and finds that higher income driven by EITC variation raises children’s test scores.


**Michelmore (unpublished, 2013):** More generous state EITCs boosted education among younger children.

**Evans and Garthwaite (AEJ: Economic Policy, 2014):** Increased generosity of the EITC results in better health, although this is not tied directly to economic outcomes.

**Manoli and Turner (NBER WP 19836, 2014):** Larger tax refunds generated by EITC schedule increased subsequent college enrollment of high school seniors.
**Hoynes et al. (AEJ: Economic Policy, 2015):** Increased EITC payments improve infant health outcomes. (No direct evidence on adult outcomes.)

**Koşar (unpublished, 2015):** In dynamic labor supply model, EITC increases rewards from work. This increases wages in the long-term via accumulation of experience.

**Hamad and Rehkopf (American Journal of Epidemiology, 2016):** Positive long-run effects of EITC on child development.

**Lundstrom (unpublished, 2016):** Presents evidence suggesting Dahl and Lochner are not identifying effect of exogenous variation in EITC.

**Riddell and Riddell (IZA DP 9939):** Re-evaluation of Canada’s SSP program to account for different effects of other policy changes on treatments and controls during evaluation period leads to some evidence of longer-term decreases in welfare use.

**Tentative conclusions**

Much evidence not covered here establishes that the EITC boosts employment and earnings of low-skill women/mothers, and also some evidence of reduced labor supply for married women. With regard to longer-run effects, there is some (mixed) evidence on whether it leads to higher wages/earnings, and as yet little evidence on longer-run effects on family income. There is a good deal of evidence of positive effects on children, and while it is plausible that these effects translate into better adult outcomes, there is no evidence tying the EITC or related programs directly to longer-run improvements in economic circumstances as adults. An underexplored channel of influence on family income is lower wages because of increased labor supply.

**Enterprise Zones/Local Development Incentives/Spatial Policy**

**Questions**

Do these lead to job growth in poor areas in the longer-term, and is it just reallocation or overall gains? Do the benefits tend to accrue to initially poor residents, or is there mobility that undermines this? Do these policies generate self-sustaining gains, which remain after the incentives are removed—which we might interpret as “economic self-sufficiency” for place-based policies? More generally, there is some evidence that moving people to better neighborhoods improves economic outcomes. Are there lessons from this research that provide useful ideas for policies that can be implemented in disadvantaged neighborhoods?

**Research**

*Background evidence*

**Chetty et al. (QJE, 2014):** Non-causal evidence that people growing up in neighborhoods with less residential segregation, less income inequality, better schools, more social capital, and more family stability have more upward mobility in the income distribution.
**Chetty and Hendren (Unpublished, 2015):** Quasi-experimental evidence based on within-family estimates showing that growing up in a better neighborhood as a child is associated with higher earnings as an adult.

**Jacob, Kapustin, and Ludwig (QJE, 2015):** Randomly getting off a waiting list for vouchers in Chicago led to no long-term effects, ruling out impacts on test scores, high school completion, earnings, social welfare receipt and other outcomes.

**Chyn (unpublished, 2016):** Children displaced from public housing because of demolitions more likely to be employed, and to earn more, as adults. Unlike Chetty, et al., these findings of positive effects are not limited to children who moved when young, and the paper suggests that the difference is related to the fact that this population is those who moved not by choice but because their public housing building was demolished and the city of Chicago paid to move them after providing them with a section 8 voucher, while MTO is focused on experiments for those who desired to leave public housing.

*Evidence on policy effects*

**Ludwig et al. (AJS, 2008):** Experimental estimates from MTO show no significant impacts of moves to lower poverty neighborhoods on measures of adult economic self-sufficiency, up to seven years after assignment to the treatment group.

**Neumark and Kolko (JUE, 2010):** Evaluation of California enterprise zones over shorter and longer horizon finds little impact on jobs.

**Givord, Quantin, and Trevien (unpublished, 2012):** Positive short-run effects on economic activity do not last. After five years, early positive results are reduced as increase in business relocations offset by closing. Small impact on resident employment and local services suggests lack of accurate targeting. (Evidence for France.)

**Busso, Gregory, and Kline (AER, 2013):** Evaluation of federal Empowerment Zones up to six years after establishment points to job gains, and higher wages for zone residents.

**Kline and Moretti (QJE, 2014):** Evidence that TVA generated faster employment growth in manufacturing even after federal transfers became negligible (after 1960) (and also growth in family income, from higher wages in this sector). This evidence may not generalize to contemporaneous periods, other regions or industries, etc.

**Reynolds and Rohlin (JUE, 2015):** EZ benefits seem to accrue to high-income people, and not help low-income people, which could be compositional effect (gentrification). But does not really focus on long term.

**Chetty, Hendren, and Katz (AER, 2016):** Based on MTO data matched to tax records, moving from very high to a much lower poverty neighborhood when young (before 13) increases college attendance and adult earnings. Moving as an adolescent has slight negative effects. There are no consistent improvements for children moving in response to Section 8 vouchers to somewhat lower-poverty neighborhoods.
Tentative conclusions

Recent evidence suggests that better neighborhood conditions for children lead to improved adult labor market outcomes. However, this evidence suggests benefits of moving a limited number of people, rather than to what can be accomplished in the way of changing neighborhoods. There is limited evidence on longer-run effects on poor areas of policies intended to change those areas, especially for initial residents of those areas, and a good deal of this evidence does not point to positive effects.
V. Additional Policies Aligned with ESSPRI’s Research Agenda

Other Income Support/Anti-poverty Programs/Welfare Reform/Work Supports

Questions

What programs or reforms are associated with higher employment and earnings in the longer run both for adult recipients and their children? For children, do the benefits depend on the timing of receipt during childhood?

Research

Background evidence

Loeb and Corcoran (JPAM, 2001): Wage growth of AFDC recipients with work experience was similar to that of non-recipients, and wage growth with work experience was similar for short and long-term recipients. However, wage growth of recipients is lower because of more part-time work than full-time work, and more intermittent work experience, suggesting that policies that encourage work can lead to higher earnings.

Hamilton et al. (MDRC, 2001): Experimental evaluation of 11 welfare-to-work strategies did not find much positive impact on job finding and leaving the welfare rolls, although nearly all programs helped single parents work more quarters and earn more during the follow-up, and reduced welfare receipt and expenditures. However, combined income (including benefits, Food Stamps, and EITC) was largely not affected.

Duncan, Magnuson, and Votruba-Drzal (Future of Children, 2014): Theory and evidence from studies that attempt to estimate causal effects of poverty on children finds mixed evidence that increasing income in early childhood increases school achievement, adult earnings, and work hours.

Evidence on policy effects

Friedlander and Burtless (Five Years After: The Long-Term Effects of Welfare-to-Work Programs, 1995): Welfare reform experiments to encourage work led to increased employment, and the higher employment led to higher earnings, but generally not to higher-paying jobs.

Grogger (REStat, 2003): Welfare-reform time limits increased employment, but not earnings or income. EITC has led to decline in welfare use and increases in employment and earnings. (Repeated in welfare reform section below.)

Hotz, Imbens, and Klerman (JoLE, 2006): Re-evaluation of MDRC’s GAIN program for welfare recipients, with longer-term data (9 years), finds that human capital training components that focus on basic and work-related skills are more effective in boosting long-term earnings than are policies emphasizing labor force attachment, such as teaching interview and resume skills and providing job search assistance. The findings are reversed for shorter-term outcomes.
**Grogger (REStat, 2009):** Correcting for important sample selection bias, Florida’s welfare reform experiment increased wages through raising experience.

**Riccio (MDRC, 2010):** Using an evaluation based on random assignment across sites, Jobs-Plus, a voluntary employment program for public housing residents, successfully enrolled about three-quarters of target recipients in four well-implemented sites. Earnings gains in the Jobs-Plus sites grew over time, increasing to 20 percent by the ninth and last follow-up year. Minorities and other hard-to-serve groups were heavily enrolled and saw large employment gains.

**Acs, Loprest, and Ratcliffe (Urban Institute, 2010):** Similar to EITC analysis above, study asks similar questions for child care and transportation support – termed “work supports.” Weak evidence of positive effect of child care supports on self-sufficiency index, but comes from short-term fixed effects model, not long-term/dynamic analysis.)

**Hamilton and Scrivener (MDRC, 2012):** Experimental evaluation of 16 program models to encourage employment retention and advancement among relatively employable current or former welfare recipients. Many strategies did not work, and even those that did were not “transformational.” It appears that encouraging employment stability generally, rather than simply staying at the same job, is more effective, as are earnings supplements that make work pay, especially when coupled with job coaching.

**Deshpande (REStat, forthcoming):** Quasi-experimental evidence on the effect of removing a child from the children’s SSI program on parents’ labor supply finds that the lost SSI income is fully offset by increased parental earnings, apparently mainly via an income effect.

**Tentative conclusions**

Evidence that welfare reform increased employment (and hence earnings), but less clear evidence of impact on wages, and effects are limited to period right before time limits take effect broadly in early to mid-2000s. Limited evidence that other income support programs (Food Stamps as implemented in the 1960s) boosted adult earnings and economic self-sufficiency. Evidence from Jobs-Plus suggests that voluntary employment programs can significantly increase earnings and employment for very disadvantaged individuals.

**Job Training/Workforce Development/School-to-work**

**Questions**

For groups that are hard to employ or less likely to get or complete post-secondary education, are there training, workforce development, or school-to-work/CTE programs that lead to long-term earnings gains? Why do so many training programs seem to have little effect even in the short run? Are there promising innovations to training programs that might have long-term impacts on economic self-sufficiency, which can be tested? What features of any existing programs with positive long-term effects might account for those effects?

**Research**

*Background*
### Heinrich (Unpublished, 2016): Based on review of many studies, finds that despite hundreds of studies of training programs, evidence base on longer-term impacts is very limited. Focusing on the studies with longer-term outcomes reported, some conclusions emerge. Vocational training programs often have early negative impacts that turn positive and increase over time. Job search assistance programs generate positive impacts in the short run that fade with time. Experimental evidence on Career Academies points to 11% increases in average annual earnings sustained over eight years, and 23% increase in likelihood of living independently (Kemple and Willner, 2008).

**Evidence on policy effects**

### Bishop and Mane (EER, 2004): Students who devoted at least 1/6th of high school to occupation-specific vocational courses earned 12% more one year after graduation, and 8% more 7 years after graduation. Computer courses had particularly large effects.

### Schochet et al. (Mathematica Policy Research, 2006): Job Corps generated gains in earnings and the likelihood of having a job with benefits, and lower welfare receipt, but the positive earnings effects endured through years 5-10 only for 20-24 year-olds.

### Neumark and Rothstein (Improving School to Work Transitions, 2007): Participation in STW programs boost employment and decrease idleness for men, after leaving high school, more so for those less likely to go to college. Less evidence for women, although similar effects exist for apprenticeship/internship programs.

### Kemple and Willner (MDRC, 2008): Experimental evidence on Career Academies points to 11% increases in average annual earnings sustained over eight years (17% for men), and 23% increase in likelihood of living independently.

### Hanushek, Woessman, and Zhang (JHR, 2016): Vocational education associated with higher employment initially but lower employment later on, perhaps because lack of general human capital limits adaptability to technological change, etc.

### Jepsen, Troske, and Coomes (JoLE, 2014): Using longitudinal pre- and post-enrollment data on community college students in Kentucky, leads to evidence of positive effects of Associate’s degrees and diplomas on earnings and employment – larger for women than for men – and positive effects of degrees and diplomas (and, for women, certificates) on employment. Focus is not long-term, but extends up to 18 quarters after entry into community college.

### Kugler et al. (NBER WP 21607, 2015): Random assignment to vocational training program for disadvantaged youth led to higher education, and higher employment and earnings up to eight years after randomization. (Evidence for Colombia.)

### Stevens, Kurlaender, and Grosz (NBER WP 21137, 2015): Using administrative data from the California Community College system and linked administrative earnings records, and using pre- and post-enrollment earnings data, economic returns to CTE certificates and degrees range from 12 to 23%, with the largest returns in the health care sector. The data extend up to 6 years post-degree.
**Dadgar and Trimble (EEPA, 2015):** Focusing on credentials, and using pre- and post-community college data on new entrants in Washington State, and tracking 7 years of data, points to positive effects on wages and employment of Associate’s degree or long-term certificate, especially for women, relative to not earning a degree or certificate. There is considerable heterogeneity by field, with, e.g., large positive effects of a nursing degree on women’s wages, but no effect of a degree in humanities, social science, communications, and others. There is little effect of short-term certificates.

**Kreisman et al. (CAPSEE, 2015):** Using long-term data on community college enrollees and earnings in Michigan, comparing those who did and did not earn a credential, evidence points to large increases in earnings for certificate and Associate’s degrees, 7-8 years after enrollment, which were highest in health-related and technical fields.

**Alzúa, Cruces, and Lopez (IZA DP 9784, 2016):** Program with life-skills and vocational training, and internships, led to higher earnings and increased employment in the short-run, which dissipate in the short- and medium-run. (Evidence for Argentina.)

**Bettinger et al. (NBER WP 22347, 2016):** Receipt of Cal-Grant, a state-based merit aid program for post-secondary education based on grades and family income, boosts degree completion, and boosts earnings by four percentage points at ages 28-32.

**Tentative conclusions**

There is mixed evidence on the persistence of long-term effects of training on earnings, among disadvantaged groups, and relatively little from the U.S. That said, there is some evidence of longer-term positive effects of career-focused programs such as Career Academies and Career and Technical Education.

**Incarceration Policy**

**Questions**

Are there policies that either substitute for or are complementary with incarceration policies – including post-incarceration programs – that can enhance later labor market earnings and reduce dependency?

**Research**

*Background evidence*

**Grogger (QJE, 1995):** Arrests had moderate and short-lived effects on employment and earnings of arrestees.

**Western, Kling, and Weiman (Crime & Delinquency, 2001):** Causal inference hard, but consistent evidence of negative effects of prison time on earnings, especially for older or white-collar offenders.

**Western (ASR, 2002):** Evidence of lower wage growth among ex-inmates.
Pager (AJS, 2003): Field experiment shows that having a criminal record serves as a deterrent to getting hired.

Kling (AER, 2006): Using randomly assigned judges as IV, no evidence that length of incarceration affects employment or earnings.

Lyons and Pettit (Social Problems, 2011): Incarceration does more to slow the subsequent growth of wages of blacks than of whites.

Kirk and Sampson (Sociology of Education, 2013): Past arrests reduce high school graduation and four-year college enrollment relative to otherwise similar youths.

Loeffler (Criminology, 2013): Compares unemployment and recidivism based on sentencing variation from random assignment of judges. Evidence points to selection bias, because unemployment and recidivism are similar across judges with large sentencing disparities.

Ramakers et al. (European Journal on Criminal Policy and Research, 2015): Prisoners have very marginal labor market attachment prior to prison. (Evidence for the Netherlands.)

_Evidence on policy effects_

Tyler and Kling (NBER WP 12114, 2006): Participation in GED program in prison boosted earnings of minority offenders, but only in the short term (fades within 3 years).

Bloom (MDRC, 2006): Survey of research on prisoner re-entry programs. Analysis of RCTs on post-release community-based programs find no impact on recidivism. Some evidence that programs for older ex-prisoners with integrated services and financial incentives can increase employment and earnings, but program success is challenging.

Raphael (Annals of the American Academy of Political and Social Science, 2011): Largely discusses what we do not know about re-entry programs, especially with regard to employment and earnings (but also recidivism).

Redcross et al. (MDRC, 2012): Experimental evaluation of Center for Employment Opportunities (CEO), an employment program for former prisoners, with temporary paid jobs and other services to improve labor market prospects and reduce recidivism, with control group getting job search assistance and other community services. Evidence of short-run effects on employment and earnings due to the temporary jobs, but fade out by the end of the first year. Some longer-term reduction in recidivism over three-year study period.

Cho and Tyler (Crime & Delinquency, 2013): Non-experimental evaluation of adult basic education program suggests higher post-release earnings and employment for participants, but not lower recidivism.
Tentative conclusions

There is not much concrete evidence on policies conditional on incarceration, or policies that substitute for incarceration, which might improve longer-run economic outcomes, although a little evidence points to success of re-entry programs or education.
VI. Policies Less Directly Aligned with ESSPRI's Research Agenda, but Still Potentially Related to Longer-Term Effects on Economic Self-Sufficiency

Education Interventions

Questions

Do education or other interventions prior to school entry, or affecting children more generally, generate long-term effects on adult earnings or factors strongly associated with higher adult earnings?

Research

Background evidence and theory

Duncan and Magnuson (JEP, 2013). Reviews theory and evidence on impacts of early childhood education programs, including model programs such as Perry and Abecedarian.


Chetty et al. (QJE, 2011): Randomly generated differences in classes at young ages (more experienced teachers, higher-quality classrooms) had higher college attendance, and higher earnings at age 27.

Gertler et al. (Science, 2014): Randomly assigned intervention of weekly visits by community health workers to growth-stunted toddlers in Jamaica increased earnings 20 years later by 25%, enough to catch up to non-stunted comparison group. (Evidence for Jamaica.)

Morrissey, Hutchison, and Burgess (ASPE, March 2014): Early childhood education evaluations often show a pattern of medium-term “fadeout” (or convergence) of initial test score impacts, followed by significant long-term gains on important adult outcomes. Examples include evaluations of Perry Preschool, Carolina Abecedarian, Head Start, and Tennessee’s kindergarten class size reduction experiment.

Brown, Kowalski, and Lurie (NBER WP 29835, 2015): Uses administrative IRS data and expansions of Medicaid and SCHIP in 1980s and 1990s to estimate long-run impact on earnings of increased health insurance eligibility. Finds that affected children paid more in cumulative taxes, had higher cumulative wages, and collected less in EITC payments by age 28. Accounting for spending on those who took up the program, it roughly pays for itself by age 28.

Hoynes, Schanzenbach, and Almond (AER, 2016): Access to Food Stamps in childhood improved health of adults, and economic self-sufficiency of women, with policy effects concentrated on access very early in life and for parents without high school degrees.

of disability transfers and public health insurance. Total income is unchanged but earnings increase (from employment increases) to offset disability benefits.

Tentative conclusions

There is evidence early childhood interventions can contribute to higher income and hence economic self-sufficiency in the longer run, even though they may deliver shorter-term cognitive and school achievement gains that fade over time.

Unemployment Insurance

Questions

Does more generous UI leading to longer spells of unemployment have the beneficial effect of improving long-run outcomes by leading to better job matches, or does it reduce employability?

Research

Background evidence, theory

Acemoglu and Shimer (EER, 2000): Unemployment insurance can increase productivity by encouraging workers to seek higher productivity jobs (and firms to create them). This can outweigh the moral hazard effects of unemployment insurance (staying unemployed longer).

Chetty (JPE, 2008): Evidence that about 60 percent of the increase in unemployment duration from more generous unemployment insurance is due to the liquidity effect – which allows workers to search longer and potentially find better jobs.

Evidence on policy effects

Dolton and O’Neill (JoLE, 2002): Tighter benefit eligibility and job search assistance resulted in substantially lower unemployment rates five years later for men, but not for women. (Evidence for UK.)

Card, Chetty, and Weber (QJE, 2007): Increases in lump-sum severance payments and in the duration of UI benefits increased the duration of search but had little or no effect on wages. (Evidence for Austria.)

Lalive (AER, 2007): Large changes in the duration of UI benefits do not affect earnings. (Evidence for Austria.)

Van Ours and Vodopivec (JPubE, 2008): Reductions in the potential duration of UI benefits did not affect wages. (Evidence for Slovenia.)

Petrongolo (JPubE, 2009): Program with higher job search requirements and administrative hurdles associated with lower likelihood of positive earnings and higher likelihood of being in Incapacity Benefits four years after unemployment shock. (Evidence for UK.)
Nekoei and Weber (Unpublished, 2016): Evidence of a positive effect of UI on wages, which arises from two offsetting forces (in a model) – more search for higher-wage jobs, but wages falling because of longer unemployment spells. (Evidence for Austria.)

**Tentative conclusion**

There is no evidence on long-term effects for the U.S.
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