Table of Contents

V  PREFACE

Feature: Education Policy

91  INTERVIEW WITH MARSHALL SMITH, ACTING DEPUTY SECRETARY OF EDUCATION
    Thomas E. Heinemann and Louisa P. Merianos

97  INTERVIEW WITH US REPRESENTATIVE FRANK RIGGS (R-CA), CHAIRMAN
    OF THE SUBCOMMITTEE ON EARLY CHILDHOOD, YOUTH AND FAMILIES
    Shirley Hung and Louisa P. Merianos

103  SCHOOL CHOICE AND THE DIVERSITY OF SCHOOLS: MICROMOTIVES
      AND MACROEFFECTS
    Michael J. Feuer, Lisa Towne, Adam Burns and Manuel Rubio

Domestic Policy

121  THE WORK STATUS OF SEASONAL AGRICULTURE WORKERS IN THE
      POST-IRCA PERIOD
    Carol M. Hall

137  ENDING WELFARE AS WE KNOW IT: HOW WILL WE KNOW?
    William R. Prosser

Foreign Policy

157  MANAGING URBANIZATION IN THE INTERNATIONAL POLICY PROCESS:
      USAID'S APPROACH TO LATIN AMERICA
    Carol Armstrong

Book Reviews

169  HARD LESSONS: PUBLIC SCHOOLS AND PRIVATIZATION, BY CAROL ASCHER,
      ROBERT BERNE AND NORM FRUCHTER
    Michelle Chaffee

170  DEBATING THE FUTURE OF AMERICAN EDUCATION: DO WE NEED NATIONAL
      STANDARDS AND ASSESSMENTS? EDITED BY DIANE RAVITCH
    Kristi Kimball
171  Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy, Edited by Rebecca A. Maynard  
Danna Basson

173  Reality and Research: Social Science and US Urban Policy Since 1960, Edited by George Galster  
Hilary Cairns

174  Globalization & Decentralization: Institutional Context, Policy Issues, and Intergovernmental Relations in Japan and in the United States, Edited by Long S. Jun and Deil S. Wright  
Teresa Andaya

177  Index to Volume 2
Preface

Like many journal editors, I have struggled with the question of who our ideal audience should be. On the one hand, our base in an academic institution leads to a natural proclivity for publishing academic and research oriented articles. On the other hand, The Review's location in Washington, DC, amidst a rich sea of national policymakers, think tanks, advocacy groups and professional associations, leads to a tendency to select articles of interest to policymakers here in our own backyard. Adding to this dilemma is the multi-disciplinary nature of the public policy field. Sociologists, economists, demographers and political scientists all contribute, via various forms of policy analysis, to the debate over local and national initiatives. Recognizing that policy issues are diverse and complex, we are determined to widen the breadth of the journal. In this and future issues, expect to see more personal interviews from prominent Washington policymakers, and expect to see more in-depth analysis of current issues using a variety of analytic tools. With our location in the Nation's capital, The Review is well positioned to reach out to a broad audience.

In this issue, The Review is pleased to present three contributions to the debate surrounding school choice. We have selected two prominent voices from different branches of government for our feature interviews: Representative Frank Riggs (R-CA), Chairman of the Subcommittee on Early Childhood, Youth and Families; and Marshall Smith, Acting Deputy Secretary for Education, US Department of Education. In “School Choice and the Diversity of Schools: Micromotives and Macroeffects,” authors Michael Feuer, Lisa Towne, Adam Burns and Manuel Rubio explore possible side effects of school choice on the formation of communities. Rounding out this topic are reviews of two recent books on education policy.


We hope that you find the ideas and analysis presented in this edition of The Georgetown Public Policy Review both timely and insightful. We are grateful for your continued support of our publication and welcome your contributions and comments to forthcoming issues.

HELENA K. WALLIN
The topic of school choice inevitably stirs up controversy. In the extreme, proponents believe free market competition will save the public schools, forcing them to abandon mediocrity and complacency in order to survive. Critics contend that a choice system would serve some students better than others—and abandon significant numbers of them entirely—and avoid the more pressing issue of how to improve all public schools and the quality of education they provide.

In this issue, the staff of The Review had the opportunity to interview two of the nation’s leading education policymakers. Managing Editor Thomas Heinemann and Academic Co-Editor Louisa Merianos spoke with the Acting Deputy Secretary of Education, Marshall Smith, and Academic Co-Editors Shirley Hung and Louisa Merianos interviewed US Representative Frank Riggs (R-CA), Chairman of the Subcommittee on Early Childhood, Youth and Families. Each provides a unique perspective on the issue of school choice, and education policy in general.

Interview with Marshall Smith, Acting Deputy Secretary of Education

**Overview: Role of Federal Government in Education**

*What role do you believe the federal government should play in education?*

That is a complicated question. The role of the federal government has changed over the years in a variety of ways. As you know, the Constitution does not talk about education at all. Education has traditionally been the prerogative of the states. In fact, in a number of states have ceded most of their authority to the local districts through their constitutions or laws.

We probably have the most diffusely managed and organized administrative structure for education in the world. Local and state governments fund most of public education. Local school districts derive their authority from state constitutions and both state and local educational agencies exercise regulatory and legislative control over the schools. At the same time, the federal government plays a role.

The first precursor to the Department of Education was created in 1867 and its role has changed over time. Some early national decisions regarding education related to land grant colleges and the movement to the West. For example, western states were expected to set aside a square mile for a school district. After World War I national education issues arose as a response to the influx of immigrants and to people coming back from the war. The federal government saw it as a national priority to provide vocational education.

Since then, the notion of a national priority in education has been widely accepted. Moving quickly from 1917 to the Sputnik era—when we were competing with Russia—it became a national priority to emphasize math and science. In 1965 we were worried about poverty in the United States so it became a national priority to have com-
pensatory education. In the 1980s and into the 90s global competition became a concern so the development of human capital became a national issue rather than just a state and local issue. Throughout our history the federal government has responded to issues of national concern, while maintaining state and local authority over funding and over most of the decisions.

What is the most pressing problem in education today, and how do you believe this problem should be addressed?

It's really a combination of problems, but I think the most pressing issue is the quality of education in urban centers and some poor rural areas. There are many related problems, such as racial issues, poverty and the structure of the cities and the services they provide.

Another related problem is the American belief that people are born with certain abilities that are relatively immutable. This focus on innate ability rather than environment created a great problem for our society because it led to lower expectations for many of our children. Yet, obviously the quality of the environment is related to the quality of achievement, a statement that is strongly supported by all sorts of evidence. But the idea of innate abilities became a circular thing. People believe ability is innate, so they don't try to change the quality of the environment. This concept is reinforced by the nature of our testing system, which for years has been based on the principle of stratification rather than on levels of competence. The focus is not 'are we all competent?' but rather, 'are you more competent than I am?'; and it becomes a horse race.

We have to change people's attitudes—the public's perspective, not just the educators' perspectives. We also need to have levels of competence that are well understood; we need to have standards. For example, we need tests that are designed to determine if a child can read well. We don't want a test that tells us this child can read a little bit better than another child. If you have a set of standards about what you expect kids to know, then you have some performance levels, and it won't matter if one kid is a little bit quicker. If they can all meet the competence level, they can all succeed. So, we need to set up a system of standards that apply to everybody.

Do you think that these standards should be established at the federal level? Should they be voluntary or mandatory?

I think standards should be mandatory, but they shouldn't necessarily be federal standards. In order to preserve the status of divisions between the responsibilities of the federal government versus the states, standards should be set at the state level. We should make them a state responsibility. They may be set at the local level, but the state has a responsibility to ensure that standards are applied evenhandedly to all kids, and that they are challenging. This results in a problem—we will have 50 different sets of standards, and that doesn't make any sense for a society of people who are mobile.

Fortunately this concept of 50 sets of standards is only partly true. In many subjects states will gravitate to the same set of standards. We basically do that now. This country has a national curriculum; it is based on six or seven textbooks in eight or nine subject areas. The textbook companies are all competing against each other, and nobody can get too far out of line because they are afraid if they do they might lose market share. As a consequence, there is very little daring; we have a system that is fairly dull. Textbooks are pretty routine and don't change much. On the one hand this is a stabilizing
influence, but this influence actually dumbs down the nature of our education. One might make the same argument about states, that is, by interacting they might dumb each other down. On the other hand, competition among the states might lead to more challenging standards.

The role that the federal government can play is to ask tough questions, stimulate higher standards and expose those states that seem to have standards which are not very challenging. If a child passes a high standard of math proficiency in state X but would not even be at a basic level in state Y, somebody needs to point that out to the parents of state X. That is basically what the role of the federal government has been for the last four or five years—in effect setting voluntary standards.

So, a balance has been struck. While standards are still primarily the states’ responsibility, the federal government can point out what some good standards might be, look at performance levels, talk about differences among the states and encourage states to do better.

Although math and reading standards will come closer together with other math and reading standards over time, there may be differences within some other subjects. One could imagine differences in how some states present history. For example, California may include more Asian history because they will want to respond to different children, different interests and the fact that they are next to the Pacific Ocean. You can also imagine differences in what is covered in English literature, civics and some other subjects.

**Focus: School Choice**

The term school choice is a catch phrase that encompasses many policies. Support or opposition often depends upon the degree of choice. What is the Administration's position on school choice? How much freedom do you think parents and students should have?

The Administration’s position is very clear: we strongly support public school choice but do not support private school choice or a voucher system that would use public money to pay for private education. We are opposed to private school vouchers for many different reasons. One reason is that it would displace money from the public schools. Because 10 percent of American children attend private schools, we would run into an immediate problem of draining 10 percent of the total school budget. This big initial outlay is a problem, but it is not the real problem. There are two other issues which I think are even more critical. The first is that private schools that receive public money should be held publicly accountable. This would change the nature of private schools. These “private” schools will not be able to accept children on a first-come first-serve basis, they will have to serve disabled children, and they will have to comply with general civil rights laws. So, if you constructed a voucher system for private schools it would have to include public accountability and those private schools would, in effect, become like public schools.

The second big problem is the effect that a private voucher plan would have on the support for the fundamental purpose of public schools. Public schools have served the country—not as well as we might have liked—but pretty well. For a country which is so diverse in so many ways, the public schools
have created common ground for many of our citizens. The public schools have provided this diverse society with a core understanding of our diversity and democracy. Although we worry about the quality of our education as a nation, we are the longest running democracy, we have the strongest economy and the fewest unemployed. And even though there are tensions, the social unrest is relatively small.

What do you think prompted the national debate on school choice?

A number of different issues have prompted the debate, and it has changed over the years. The notion of vouchers has been around for a long time. Milton Friedman came up with a proposal for vouchers in the 1950s. Christopher Jencks, David Cohen and I wrote a report in the late 1960s in which we proposed a demonstration of vouchers. In the late 1960s there were a number of alternative schools springing up in the Boston area. They did very well for a number of years and served a primarily African American population. After two or three years, however, tuition went up. People who were teaching in the schools had gotten older, they now had families and greater expenses. As a result of the tuition increase, parents couldn’t afford to send their children to these schools. We looked at vouchers in this case to examine how to retain that option for parents. The notion was to have an escape valve. Over the years the concept of vouchers has changed. Policy analysts and well to do parents began to see vouchers as a way to have a choice, and to get reimbursed for it. So the idea about vouchers was then not focused on poor areas but rather on opening the system entirely. This idea seems to have failed, and now people have begun to cycle back to the idea of giving folks an escape valve. There are other provisions which can give people that escape valve without resorting to private vouchers—for example, the public charter school movement—but again those schools must be held accountable.

One of the perceived strengths of school choice and charter schools is the autonomy given to schools. This independence can lead to schools that are not only different from traditional schools but are also very different from one another. Moreover, in some states charter schools are not required to meet state standards. What are the implications for assessment and accountability?

There are a number of implications. There are federal charter school laws. Any school that gets federal money for start up costs—to train teachers, prepare the building, disseminate information—has to be accountable. Students in those schools have to take the same tests and meet the same standards as other students in that state. They are obviously accountable in terms of civil rights laws and safety laws. They are also required to provide information about the school. Beyond that they can use whatever methods are reasonable within society’s constraints to educate the students.

There are states where charter schools are not required to meet those criteria. In a number of cases there have been schools with bad reputations, and for good reason. Some schools have closed leaving children and parents high and dry. Now there is a backlash. There has been a lot of activity in Arizona to clean up these schools. Some of the charter agencies in Michigan stopped chartering schools.

It’s hard to tell how this is going to work out. The first thing we need to do is get information about how the states are dealing with this issue. There are all sorts of other problems. Charter schools receive a certain amount of money per child. You could imagine a situation where some people buy a sloppy place,
make some grand claims and get unsuspecting people in there. In a couple of years you could make a lot of money doing that. While many new charter schools are doing a wonderful job, there are clearly some schools out there that don’t meet standards and they need to be evaluated. We need to keep a good eye on them.

Critics of school choice often argue that it is a ‘band-aid’ solution that fails to address the problems of the system as a whole. They also assert that it will primarily benefit students whose parents are already well-informed and involved in their children’s education—and are therefore more likely to succeed in school. What is your response to these concerns?

I think they are serious concerns. You don’t want a choice system to be a “buyer beware” system. You want to provide as much information as you possibly can. There are good system-wide school choice systems where a great deal of information is provided, like in Cambridge, Massachusetts, for example. People select their top three choices and most people get their first or second choice. Decisions are made by lottery or by some other fair procedure. The key is information. If you tried to go shopping and you didn’t know the price of an item, you would be lacking a key piece of information. Price doesn’t matter in a school choice setting, but other things are important—the nature of the curriculum, extracurricular activities and the attitudes of teachers towards students, for example. Any system that is set up without adequate information, transportation and enough time for people to make decisions will always favor the well-to-do.

The Georgetown Public Policy Review’s feature article examines the effect that school choice could have on diversity. The authors suggest that choice would have a detrimental impact on the diversity of schools—even if parents consider diversity to be a priority. What impact do you believe choice will have on the diversity of schools? Is diversity a priority?

First of all, in some places it can’t affect diversity very much. If you have a choice system in DC, for example, schools will not be any more segregated than they are now. The same is true in a number of cities. On the other hand, I am concerned about this issue. The second point is that there is a lot of choice already exercised, particularly in the choice of neighborhood. Would choice increase the level of homogeneity? I think it’s an open question in part because there are different dimensions of homogeneity. Under a completely open choice system—set aside Title IX, Title VI and other civil rights laws—you could end up with more schools that are all female or all male and yet racially mixed. Would that be more diverse or less diverse?

In elementary schools you often have a choice on the basis of curriculum. In Arlington, Virginia, for some of the schools, they have a cluster system, and parents can choose from any of those schools within a cluster. They try to make schools within the clusters different. So, if people are sorting themselves out in this system, homogeneity occurs in the nature of the instruction that children are receiving, whether it’s a Montessori school or a language immersion school. This type of homogeneity is not something you would notice when you walked in the door. So, it’s more complicated than the simple question of whether you will have diversity or not. It’s really a multi-dimensional problem.

A choice system might result in a little more homogeneity, in general. In the extreme you might have some radical cases—such as a very conservative school or a very liberal school and in the context
of those extremes, different ideologies. This would be very unfortunate, in my view. There are trade-offs that come with providing a little bit of competition. A balance needs to be struck, and any democratic society has to weigh these options.

Marshall S. Smith has served as Acting Deputy Secretary of the US Department of Education since August 1996. He serves as both the chief operating officer for the Department, overseeing day-to-day management, and as the principal advisor to the Secretary on federal programs, policies and budgets. Smith was previously Under Secretary of Education and directed the development of legislative initiatives such as the Goals 2000: Educate America Act, the Improving America's Schools Act, the School-to-Work Opportunities Act and the Student Loan Reform Act.
Interview with Representative Frank Riggs (R-CA), Chairman of the Subcommittee on Early Childhood, Youth and Families

OVERVIEW: ROLE OF FEDERAL GOVERNMENT IN EDUCATION

What role do you believe the federal government should play in education?

That, of course, is the question that is going to loom over the debate in the coming months. I believe the government should play a limited role that ensures, principally through the Constitution, a guarantee of due process and equal access. In accordance with other applicable federal laws and federal court decisions, the federal government has a responsibility to ensure that every American child should have access to a high quality public education.

While the federal government does have a limited role, it can promote greater pupil achievement and higher academic standards for students. I am very interested in the coming debate on national tests and national assessments to assure that our children are learning in the core academic subjects. Such tests could be used as a means of evaluating pupil progress and for comparing school to school, district to district and state to state. For that matter, tests can be used to compare our students against those of our industrialized competitors, since we are all concerned about our children lagging behind internationally at a time when the world is increasingly moving toward a global economy.

So, my view is that the federal government has a limited role in education but a very important one. There is so much focus on education reform in this Congress that perhaps we can be the catalyst for improving the quality of our schools. I sense a broad bipartisan concern and an emerging consensus on a bipartisan, bicameral basis and between the Congress and the White House that we ought to take steps to offer a high quality education to every child.

Over the past two decades, we have passed laws that ensure children with learning disabilities have access to a high quality public education. One such law is now up for reauthorization in this session of Congress in the subcommittee that I chair. It is called IDEA, the Individuals with Disabilities Education Act. We have also passed a law that ensures that children from disadvantaged socioeconomic backgrounds will have the same right to a high quality public education as children who come from more affluent households.

I should add that federal taxpayers historically provide about seven or eight percent per year of the overall cost of public education, so in terms of resources, we are traditionally providing less than 10 percent of the total cost of education in America today. Nevertheless, the federal government should still be an agent for change, a catalyst for real reform of our schools.

One of the major roles of the federal government in education is legislative oversight. This is a very legitimate responsibility and function of the legislative branch of government, especially with respect to federal programs and how federal taxpayer dollars are spent. One of the things we did two years ago, when the Republican party became the
majority in the House of Representatives, is begin an inventory of all the different early childhood, education and job training programs that exist in the federal government or have been authorized by previous Congresses. At last count, we were up to 760 separate categorical programs that are spread about the whole federal bureaucracy and administered not only by the United States Department of Education but by 38 other departments, agencies and commissions of the federal government. The Department of Education is responsible for about 270 of those 760 programs, on which federal taxpayers spend $120 billion annually. Of that amount, only $15 billion actually goes to support public education in K-12 schools. As a result, one of our responsibilities is to examine those programs to try to determine which are working and which are not. We have to examine where those hard-earned, very precious and finite tax dollars are well-spent and where they are perhaps wasted.

One of the other things we have been doing for more than two years now is looking at federal programs that duplicate existing programs on the state and local level. We should bear in mind that public education is principally a responsibility of the states and local communities, with a long-standing tradition of decentralized decisionmaking and local control of public education. In conjunction with the oversight responsibility, the federal government can act as a clearinghouse for good ideas and facilitate the sharing of information and resources between states—letting state Y know what state X is doing well in the area of K-12 education.

What do you consider to be the most pressing problem in K-12 education today, and how do you think this problem should be addressed?

I think the single biggest challenge is preparing our young people either for the real world of work, or to go on to an institution of higher learning. Too many of our young people are not getting the education, training and skills they need to succeed and to lead productive adult lives once they leave high school. If you examine the statistics, you know that a majority of our young people will not go to college; of those who do attend college, many will not graduate.

There is tremendous concern that we are leaving a lot of our young people behind. They are not getting the education and the skills—what I call the workplace literacy skills—that they need to be able to compete and succeed in an information-based, increasingly global economy. That is the biggest concern, and the statistics bear that out. One out of four high school graduates are functionally illiterate, with a disproportionate number of those kids coming from inner city schools. In addition, a tremendous number of young people who are going from high school to college need remedial education in the basic academic subjects. In other words, they are not able to function on an eighth grade level in those subjects.

These are the biggest challenges facing America today—our schools are failing too many of our kids, and they are not preparing young people to succeed either in the workforce or at an institution of higher learning. A subset of that is the particular problems and challenges facing our inner city schools. We simply cannot afford to lose another generation of urban schoolchildren. The general mediocrity of our education system is contributing to the growing gap between the have and the have-nots. These are distinctions that are often defined on the basis of financial status but I would prefer to define this gap as those who have the education, training and skills to succeed in
life and those who do not.

*Education Week* recently commissioned the first formal report on the state of public education in America today. It concluded, and I quote, that 'our schools are riddled with excellence but rife with mediocrity.' Students are too often advanced from grade to grade on the basis of good behavior and time served rather than what they know or what they can demonstrate they have learned. That trend over the last 20 years, of going from the three *Rs* to the three *Ds*—deliberately dumbing down—has really hurt America. In this sense I view education as a national security issue.

The debate in Washington right now is focused on balancing the budget and education. I personally believe balancing the federal budget is the most important thing we can do for the future of our young people. However, the most important thing for the future of our country is the education of our children.

*When you talk about the implementation of standards to measure student achievement, are you proposing national standards? Would these standards be mandatory or voluntary?*

My personal opinion is that we need to have minimum mandatory national standards in the core academic subjects, and that should not be negotiable. I think we've reached a time in America where we ought to have minimum mandatory national academic standards in at least math and English and tests at several grades in those subjects. This goes back to my belief that the government at all levels does have a legitimate role in ensuring learning in the core academic subjects. There are those who disagree, though, and I respect their viewpoint.

As part of Goals 2000, which is a very controversial program, federal taxpayers have already to date spent somewhere in the neighborhood of $13 million developing standards in eight of the nine core academic subjects. We have 43 states that are now participating in voluntary national tests called the National Assessment of Educational Progress (NAEP), which tests children in math and English. However, those tests do not produce individualized student results for parents, and they really are not a reliable bellwether for comparing school X to school Y, school district X to school district Y and state X to state Y. We need to have individualized test results that allow us to do that, so we can hold educational administrators, superintendents and teachers responsible for the results of that school.

One of the things that is missing in education is accountability. One way to promote more accountability is to introduce competition and choice in the system. Another way is to place an emphasis on standards and then test based on those standards. This leads to a whole separate debate on what those tests should be. Are they going to be multiple choice tests or tests with open-ended questions? In any case, some sort of performance-based assessment is essential.

People then ask what happens if a school district doesn't measure up. I would settle for simply publishing the results of those tests for all the world to see or at least for the interested parties to see. I think publishing the results would be sufficient to galvanize public sentiment. Hopefully this would arouse disgruntled parents to action if they feel their school and their children are not measuring up to other schools and students in a neighboring community or adjacent state. I believe that is one way to ultimately spearhead, in a bottom-up way, educational improvement and more accountability in education.
FOCUS: SCHOOL CHOICE

What about consequences for individual students who do not meet the standards?

I don’t think they should be advanced. There are often extenuating circumstances, but I don’t think they should be advanced. The NAEP currently has three different levels of achievement—average, good and outstanding. I think you have to at least meet a minimum standard before that child should be advanced to the next grade. We should use achievement as the measure for advancing the child rather than simply seat time or time spent in school.

School choice is a phrase that encompasses many different policies, depending on the degree of choice. What is your position on school choice? How much freedom do you think parents and students should have?

I think parents should have the full range of choice across all competing institutions—public, private and parochial. One of the keys to improving student achievement in America is to get parents more involved in the education of their children. What better way to get them more involved than to let them pick the education that is best for their child? Let them pick from a menu—a smorgasbord of educational options—the education that best suits their child. If you go out there and you are a discriminating consumer, an informed consumer, I think you can find the education that is tailored to your child’s needs. However, we are not going to pass such a bill in this Congress, or in the foreseeable future. There are too many questions and objections about school choice.

For now, I will settle for the idea of extending public school choice by creating more charter schools. Twenty-three states including my own, have charter school laws on the books. The President called for a 100 percent increase in federal taxpayer funding for the start-up of charter schools in his State of the Union message and his budget proposal to Congress. When my subcommittee addresses the President’s proposals, I would like to attach a large demonstration project in the use of vouchers. The bottom line on vouchers is we have never used them long enough to know whether they really do improve educational performance.

I would like to see a large experiment with the use of vouchers. We may very well try to attach that to the legislation that would authorize the President’s proposal to double federal taxpayer funding on charter schools. The vouchers would basically be for low income parents whose children attend unsafe schools or under-performing schools, as proposed in the first bill introduced in the Senate in this session of Congress. Whether a school is unsafe would be determined using objective criteria, anything from the number of disciplinary cases on campus to the incidents of crime on campus or in the immediate area around the school. An under-performing school would be one defined as a school with high dropout rates, low graduation rates or low test scores. If you are a parent whose child is locked into a school like this, I would like to give you a voucher so that your child would have some other means of getting a good education. If we can do that in our legislation, then hopefully we will come up with a large enough experiment to finally answer the question of whether there is any direct correlation between vouchers and educational progress.

I introduced a bill in the last Congress that was called the Lower Income School Choice Demonstration Project.
It would have created a voucher program for low income parents in 10 to 20 communities across the country, basically parents whose children attend inner city schools. It is these inner city schools that are so often surrounded by many of the social problems that plague our country, like crime, drugs, poverty, joblessness, hopelessness and gangs.

I am convinced that if we can try vouchers we will see that they work and that they do empower parents. In a few places where they have been tried, Cleveland and Milwaukee most notably, the courts have stepped in to block any expansion of those school choice programs. Even so, there have been some interesting, albeit mixed, results that tend to suggest that parents who are given vouchers are far more satisfied with the education their child receives than other parents. There also seems to be a positive correlation—between parental satisfaction and parental involvement, parental involvement being one of the keys to educational success on the part of that young person.

I am absolutely convinced that vouchers empower parents and foster competition and innovation. One of the reasons they are so strongly opposed is that we have created these monolithic educational bureaucracies across the country that, in many cases, absolutely resist school choice and have no desire to compete. Vouchers, by the way, are not the only way to have school choice. You could also have a tuition tax credit for parents who send their children to private schools that charge tuition. This is very similar to the type of tax credit the President is now proposing for the thirteenth and fourteenth years of education, what he calls his I Hope Scholarships.

If you can introduce choice and competition into the educational marketplace, it leads, I believe, to more parental involvement, higher parental satisfaction and greater pupil achievement. If we can ever create a large enough experiment, we will then be able to demonstrate this link.

The feature article in this issue of The Georgetown Public Policy Review examines the effects school choice could have on diversity. The authors suggest choice would have a detrimental impact on the diversity of schools, even if parents believe diversity should be a priority. What impact do you believe school choice would have on the diversity of schools? Do you consider diversity a priority?

If diversity were a priority in public education, why aren't we still busing? That is the first question I would ask the authors in return. Why is forced busing, which we experimented with in the 1960s and 1970s, widely regarded as a failure? Why is it that communities that used to bus their children out to other communities or to another school across town want to bring those children back? I think diversity is important, we are a diverse heterogeneous society. I do not think our schools should be an experiment in diversity. Our schools should be devoted first and foremost to learning and to preparing students to lead productive adult lives.

I would point out that when we talk about private education, we have a pretty good model in the Catholic schools. The Catholic schools are very successful. They are able to provide a high quality education at a significantly lower cost than required to educate children in public schools. So, let's not jump to any conclusions. Let's see what happens in New York City where the Catholic Diocese has said, send us a thousand of your lowest-performing students. These are children who come from very poor socioeconomic backgrounds. Let's see what happens there. That's going to bring greater diversity to the parochial schools, which are al-
ready very diverse and very integrated. I will also predict that it will lead to tremendous academic improvement on the part of those thousand young people, who will be getting a better education and more opportunities for the future by virtue of going to a parochial school in New York City rather than to public schools. So, let's wait and see, and let's remember what the real problem is in education.

Representative Frank Riggs is currently in his third term in the United States Congress representing California's first district. In January 1997 he was appointed as Chairman of the House Subcommittee on Early Childhood, Youth and Families, part of the Education and the Workplace Committee. In addition to authoring all primary and secondary public school policy, the Subcommittee is responsible for special education needs, school lunch and child nutrition programs, Head Start and education technology.
School Choice and the Diversity of Schools: Micromotives and Macroeffects

MICHAEL J. FEUER
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LISA TOWNE
Georgetown University and Caliber Associates

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Georgetown University

MANUEL RUBIO
Georgetown University

School choice reforms introduce market-like competition and enable parents to select schools for their children based on their preferences for curricular offerings, location, student body characteristics, instructional philosophy and other variables. In this article, we focus on the question of student body heterogeneity: how might choice systems affect the racial, ethnic or gender composition of schools? We apply a simulation model that provides insight into the aggregate effects of individual parental decisions. Our results suggest that even if parents prefer an integrated school environment for their children, free choice could lead to highly segregated schools. We suggest that policymakers consider this possibility as they deliberate over various choice proposals.

INTRODUCTION

School choice—the code word for an array of alternatives to the conventional neighborhood school system, including public-school-only programs, charter schools and vouchers for private and parochial schools—has become the darling and the devil of education reform. Hailed by some as a panacea for our ailing schools (Chubb and Moe 1990) and loathed by others as poison that will destroy two centuries of educational progress and opportunity (Cookson 1994), choice attracts perennial public and political attention. Even the President, in his landmark education-oriented State of the Union Address, included public school choice in his ten-step program for national commitment to better education.

AUTHORS' NOTE: The authors are grateful to the editors and anonymous reviewers for their suggestions. In addition, we wish to thank Ewart Thomas for some very helpful insights and the many students in Dr. Feuer's Education Policy courses for their critical questions and comments.
This paper explores one aspect of the choice debate, namely the potential effects of choice on the racial composition of schools. We apply a simulation model to address the following question: how do individual parental preferences for the homogeneity of their children's schools affect the ultimate racial composition of those schools? Our results suggest that even if parents prefer an integrated environment for their children, free choice and movement could lead to highly segregated schools. The possibility of this unfortunate outcome, we suggest, needs to be included in the continuing policy debate over choice and alternatives to reform.

BACKGROUND

The current debate over education reform in America is dominated by two schools of policy analysis. The first, embodied in most standards-based reform initiatives such as Goals 2000, takes the basic structure of public education as given and assumes that improved definition of the goals of schooling, higher standards for teaching and learning, stronger incentives for performance and more stringent individual and institutional accountability can lead to improved educational outcomes (see, Smith and O'Day 1991; Cohen 1995; Elmore and Fuhrman 1996).

The most persistent rival model assumes that the bureaucratic structure of American education is inherently flawed and that academic progress will be impossible without a radical overhaul of the basic economic and governance structures of public schooling (see, Chubb and Moe 1990). Drawing heavily on familiar economic theory, advocates of choice predict that unleashing the power of markets will result in greater efficiency, greater equity and higher achievement. In varying degrees, school choice models grant parents the power to select the schools their children will attend, on the assumption that the resulting competition will create incentives for improved quality of teaching and learning. Not surprisingly, advocates of choice fashion themselves as radicals and view their opponents as conservative apologists of the status quo. As a result, introducing choice in school reform initiatives inevitably causes controversy and raises the tendency of political debate.

Nevertheless, both of the main camps—those favoring market models and those advocating the preservation of a political system of governance—agree on certain key points. Nearly everyone believes that our academic standards, as measured by performance on various national assessments and international comparative studies, need to be raised (see, Nation at Risk 1983; Murnane and Levy 1996); and both camps profess a commitment to eradicating fundamental racial, ethnic and socioeconomic inequalities in educational opportunity. Indeed, both of these objectives—higher standards of performance and increased opportunity—find equally vocal support among advocates of standards-based reform and school choice. Their main disagreement is over means, not ends.

This paper focuses on what might be labeled by some as a side effect of education policy and by others as a core consideration in choosing among policy options. We sidestep the empirical questions about achievement (that is, under which model of school governance would children learn more of certain agreed-upon subject domains) and focus on the possible effects that school choice could have on the ethnic, racial and socio-economic composition of schools. We raise the following basic question: assuming that parents may include in their school choice decisions factors such as the ethnic and racial composition of schools...
homogeneity of classrooms, what are some predictable consequences of school choice for the resulting demographic composition of schools? More specifically, what are some predictable aggregate effects of individual choices that derive from different preferences of parents for the ethnic and racial heterogeneity of their children's schools? Although classroom and school diversity may be tied implicitly to achievement, we limit our analysis in this paper to compositional effects.

We apply a variant of Thomas Schelling's "Self-Forming Neighborhood Model" (Schelling 1978) and show via simulation how the aggregation of rational individual choices may yield unwanted—and apparently nonrational—social consequences. Of special interest in this analysis is the finding that even if individual preferences are "egalitarian," that is, if all parents in a community are assumed to favor heterogeneous environments for their children, the aggregation of their individual preferences could yield highly segregated environments. This result has the flavor of "tragic" solutions familiar to students of social choice (see, Arrow 1963; Hardin 1968) and offers an insight into the school choice debate that is not typically found in the education policy literature.

The next section of the paper provides a brief contextual overview of the policy debate over school choice, with emphasis on the basic assumptions underlying the market model as applied to education. We then review and explain the Schelling model, show how it can be applied to the analysis of parental preferences and their effects on school composition and summarize the results of a set of simulations. We include a brief section with caveats, noting the preliminary stage of development of this model and the need to avoid over-interpreting the results. The final sections offer preliminary suggestions about the policy implications of the analysis and opportunities for further research.

School Choice

A majority of Americans perceive a problem with the American educational system and express support for school choice. A 1991 Gallup Poll of the public's attitude towards public schools found only 21 percent of people gave the nation's schools a grade of A or B, while 62 percent favored public school choice (Pearson 1993). This trend reflects growing frustration with the status quo model of education reforms that appear to have had limited, if any, impact on student achievement or the bridging of the achievement gap between various groups. Despite mixed empirical evidence on the condition of education, proposals for radical restructuring—such as choice and privatization—have held wide popular appeal and have cut across traditional political lines. Since the early 1980s, school choice has enjoyed support from the ideologically divergent administrations of Ronald Reagan, George Bush and Bill Clinton. Conservatives embrace choice by virtue of its emphasis on local control, individual freedom and limited government intervention (Cookson 1994). Others favor mixed approaches. President Clinton, for example, supports school choice limited to public schools, which rules out voucher plans that would grant parents the right to use public money to send their children to private or parochial schools.

The basic argument for choice, which derives from Milton Friedman's suggestion for privatization and vouchers as an alternative for public schooling (Friedman 1955, 1962), is that the "democratically controlled school structure tends to promote organizational characteristics that are ill-suited to the effective performance of American pub-
lic schools" (Chubb and Moe 1990, 21). The school choice model, on the other hand, offers the virtues of a free market system—individual freedom to choose among competing goods or services. Assuming individual self-interest, perfect information over the choice set and zero transactions costs, school choice is expected to yield the socially optimal aggregation of preferences. The competitive model is expected to force the bad schools out and keep the good schools in, with clear implications for the quality of education.

It is important to note that "self-interest" does not necessarily mean "acting selfishly." Rather, self-interest means that individuals weigh their alternatives based upon what they expect to gain or lose (Rinehart and Lee 1991), which leaves open the possibility that individuals will prefer what is best for the collective; in short, altruism is admitted as an expression of self-interest. More specifically, we assume in this analysis that decisionmakers include both altruistic and more traditional self-interest-seeking factors among their objectives.

The Schelling Model

The "Self-Forming Neighborhood Model," (Schelling 1978) is one in a class of models that illuminates the paradoxes of individual choice and societal outcomes. These models, including variations on the "prisoners' dilemma" (Poundstone 1992), the "tragedy of the commons" (Hardin 1968), the voter paradox (Arrow 1963) and the free rider problem in public economics (Musgrave 1959) have been among the most compelling contributions of political economy to the understanding of human affairs. They have also established a firm social-scientific footing for government involvement in the workings of markets. Indeed, the proposition that markets can fail even under circumstances of rational individual decisionmaking with full information has been as powerful a lesson of economics as the competitive model itself. These models help us understand the conditions under which rational, informed, self-interest-seeking behavior yields social outcomes that fail to satisfy either a logical criterion (as in the case of the Arrow theorem) or a social welfare criterion such as the Pareto rule (as in the case of the prisoners' dilemma).

Perhaps the most biting aspect of these models is that bad outcomes do not require bad or irrational behavior. On the contrary, the suboptimal outcomes derive from good (or at least nonintentionally harmful) acts carried out by well-informed and rational actors. The fact that ill-intentioned individuals can together cause societal harm is hardly worth noting; but when basically good actions lead to counterintuitive and harmful effects, the implications can be profoundly disturbing. Shall we abridge the freedom of individuals to behave rationally for the sake of a "greater social good?" What forms of mutual coercion are acceptable in a democratic society? Not surprisingly, these models often ignite impassioned debates over individual freedom and collective action.

In the Schelling neighborhood model, squares on a checkerboard represent residences; two groups with distinguishable features (for example, race, ethnicity and economic status) occupy these residences; and the eight squares that surround each square represent an individual's neighborhood. Assume further that the initial community, or constellation of neighborhoods, is given. For simulation purposes, the community can be proscribed or randomly determined. Finally, assume that individual preferences are known regarding the desired degree of heterogeneity of the neighborhood—defined as the num-
School Choice and the Diversity of Schools

ber of similar individuals surrounding one's own square. This set of preferences reflects what Schelling refers to as the level of "tolerance" that individuals have for the presence of the other group in their neighborhood.

Once the community is established, individuals assess their neighborhood situation and are assumed to be able to move to a different location more compatible with their preferences for neighborhood heterogeneity. For example, if both groups prefer to have at least half of their neighbors alike, but an individual is currently in a square that does not satisfy this criterion, then that individual will move to a different square on the board that achieves or exceeds the 50 percent level. Chart 1 provides a graphical depiction of an alternating pattern that satisfies these preferences for two groups designated by the letters X and O.¹³

Consider now the cascading effects of mobility. Every time an individual moves, he or she changes the composition of adjoining neighborhoods, forcing the occupants of those neighborhoods to reassess their situations and move or stay accordingly. Each individual's satisfaction, therefore, is conditional upon the actions of others. When all individuals are situated in satisfactory squares, or when there are no other squares available which satisfy their preferences, movement ceases.

Experimenting with various scenarios under this framework illustrates the significance of this interdependence in two important respects. First, the actions of one dissatisfied person invoke a chain reaction of movements. Thus, achieving a stable outcome—defined as a community in which all individuals are satisfied with their respective neighborhoods—is a lengthy process. Second, this series of movements can radically alter a community's composition, and therefore the actions of one individual can have a major impact on the feasibility of attaining a preferred community outcome. Note that by preferred community outcome we mean one that reflects individual preferences for heterogeneity.

A dramatic outcome of this individual choice model is that even if we assume that individuals have an "egali-
tarian" preference for their neighborhood, that is, they will tolerate a relatively high proportion of individuals unlike themselves, the final aggregated outcome is not integrated. Chart 2 shows such an outcome of a set of egalitarian individuals' choices: each individual wants something more than a third of its neighbors to be like itself. In the end, most individuals occupy a square that has a satisfactory neighborhood, but when the board is viewed as a whole, the community is segregated.

**THE MODEL APPLIED TO SCHOOL CHOICE**

Assume that Schelling's checkerboard is a school district, each neighborhood depiction of egalitarianism and racial harmony. However, even in this rosy scenario our simulation will suggest that schools may still end up racially segregated. We now consider alternative definitions of egalitarian and explore their effects on the social outcome.

Consider the decisionmaking calculus of an egalitarian parent whose choice of school is based on the existence of a solid racial balance. Such a parent would view the school in its entirety and determine if that learning environment was sufficiently diversified. Assume that if either race is overrepresented, then the parent would look for another school whose racial compo-

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is a school, and the occupants of squares are the parents (or their children) of two distinguishable groups. Under the assumptions and preferences of the Self-Forming Neighborhood Model, as described in the example above, even if parents desire integrated schools for their children, the result would fail to meet that criterion. We note that the assumption that parents will choose schools where their group is not overrepresented may be an overly optimistic position was more evenly distributed. This changes the decision rule governing mobility on the checkerboard in a fundamental way. In Schelling's model, individuals assessed the number of similar neighbors and moved only if their own group identity was under-represented. In this variant, we assume that both groups share a strong belief in diversity, and that they will only be satisfied if neither group constitutes a majority of over 60 percent of the total
School Choice and the Diversity of Schools

student population. In essence, this means that we introduce a second limit into each individual’s preferences, which compels a move if their own group is over-represented.

There is another important difference between Schelling’s integrationist neighbor and the egalitarian parent in this model. For a parent to be concerned with a balance between races, he or she must view the school as a community. This stipulation requires that each parent include his or her own child in the calculation of their child’s racial representation in the school. In terms of the model, each individual would assess the balance among the nine squares on the checkerboard that comprise the school, not just the eight that surround it. In this way, we assume that parents as individuals desire an outcome that benefits the collective.

Would parents like these be able to satisfy their own egalitarian preferences and achieve racial balance in the schools? Writ large, if individuals think collectively, can free choice result in a societally preferred outcome? We attempt to shed light on these questions by modeling the aggregate effects of these egalitarian parents.

SIMULATION RESULTS

Let us state briefly the structure and assumptions of the model. We assume that the school district is closed, meaning parents cannot enter or leave the area. Also, only one parent can move at a time. Subsequent moves take place only after a parent moves and school ratios are reassessed. Inherent in this assumption is that all parents have perfect information about the composition of all schools in the district and that mobility is costless. Finally, there are no limits to the number of moves each parent can make.

Four trials were simulated in our analysis. In these trials, mobility continued until all of the parents satisfied their heterogeneity preference or no alternative school existed to fulfill them. Any parent facing this predicament was labeled as “stuck,” meaning that their preferences could not be met. In all simulations, parents were assumed to prefer that neither group constituted a majority of over 60 percent of the total student population. Initial group distribution, the size of the school district, the number of iterations necessary to achieve a stable outcome and the proportion of dissatisfied parents varied over the four trials. General results of each trial follow (see Table 1) and a detailed description of our methods can be found in the Technical Appendix.

After randomly assigning individuals to schools within the district, the initial condition of the first four-by-four trial began with one group comprising 58 percent of the population and the other 42 percent of the population. After two complete iterations, 33 percent of all parents in the resulting district did not have their heterogeneity preferences met. Specifically, 43 percent of the parents constituting the majority group and 20 percent of the minority were stuck. The second four-by-four trial had a different initial distribution but had similar results. In this trial, parents in the majority group constituted 67 percent of all parents. After five iterations, 58 percent of all parents were stuck—75 percent of the majority and 25 percent of the minority groups.

Although only two trials of this size were conducted, several outcomes related to the imbalance between groups in the school district are noteworthy. First, a greater percentage of parents in the majority group, relative to the minority, were unable to fulfill their preferences for a diversified school. Second, as group representation became more unbalanced, not only did the number of iterations increase, but an even
### Table 1: Summary of Trial Results

<table>
<thead>
<tr>
<th>Trial</th>
<th>Size of Grid</th>
<th>Group Distribution</th>
<th>Number of Iterations</th>
<th>Number and Percent of Stuck Parents</th>
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<tr>
<td></td>
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<td></td>
<td>Number of Stuck Parents in Majority Group</td>
</tr>
<tr>
<td>1</td>
<td>4x4</td>
<td>7 majority parents (58%)</td>
<td>2</td>
<td>n=4 33%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 minority parents (42%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>4x4</td>
<td>8 majority parents (67%)</td>
<td>5</td>
<td>n=7 58%</td>
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<tr>
<td></td>
<td></td>
<td>4 minority parents (33%)</td>
<td></td>
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<tr>
<td>3</td>
<td>8x8</td>
<td>28 majority parents (57%)</td>
<td>11</td>
<td>n=12 24%</td>
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<td></td>
<td></td>
<td>21 minority parents (43%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>8x8</td>
<td>26 majority parents (53%)</td>
<td>7</td>
<td>n=17 35%</td>
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<td></td>
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<td>23 minority parents (47%)</td>
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**Notes:**
1. "Stuck" means that a parent cannot fulfill his or her preferences in the current school or any other available school in the district.
2. In each trial, the group ratio preference is that neither group constitutes over a 60 percent majority.
greater proportion of parents were unsatisfied. Finally, the number of dissatisfied majority parents also tended to increase as the group representation diverged from an equal distribution.

A similar random assignment method to schools was used to set up the two simulations with eight-by-eight grids. The first simulation (labeled "Trial 3" in Table 1) with this larger model began with a 57 percent majority for one set of parents. After 11 iterations, 25 percent of all parents were unable to find a school that met their preferences, and 43 percent of the majority group were stuck. Surprisingly, no minority parents were unsatisfied. The second eight-by-eight school district (labeled "Trial 4" in Table 1) began with one group of parents representing a 53 percent majority. After seven iterations, 35 percent of all parents were unsatisfied; comparatively, 42 percent of the majority and 26 percent of the minority could not fulfill their preferences.

As was noted for the smaller trials, as the imbalance of the group distribution grew, so did the number of iterations needed to achieve stability and the percentage of majority parents unable to satisfy their preferences for a diversified school. However, unlike the results of the four-by-four grids, the overall percentage of dissatisfied parents decreased as the imbalance increased.

Although we varied school district sizes and group compositions, none of these scenarios resulted in an integrated school district. Even though each parent’s preference supported integration, this outcome was not obtained. It would appear that collective action is necessary to fully integrate a school district with egalitarian preferences. It is also interesting to note that a greater portion of the majority was unsatisfied with the results of the model. Not only does collective action seem necessary for society’s well-being, but since the majority is affected most, they can facilitate this action to obtain the preferred outcome.

Our results support the findings of other social choice models that an individual choice framework in an egalitarian society will not necessarily maximize the societal well-being. In the final trial, although more members of the majority were unhappy with the outcome, some members of the minority were also displeased. This society, which consisted of a very even distribution of the two groups, resulted in a larger total number of parents whose preferences were not met than was observed in the first eight-by-eight trial. Even though it seems that there would be a greater probability to reduce the number of dissatisfied parents if the initial distribution was equivalent, the results from this trial suggest the opposite. Regardless of this outcome, the general conclusion remains: a free market system would not fully integrate this egalitarian society.

Caveats and Variants of the Model

In the basic Schelling model, individuals are assumed to make residential choices based solely on the characteristics of the neighborhood in which they currently live and of the neighborhood to which they move. Thus, using the checkerboard, choices are determined by inspection of the immediately contiguous squares to one’s own. The disadvantage of this assumption is evident: the quality of one’s neighborhood surely depends on more than one’s next door neighbors. Suppose, for example, that one’s contiguous neighbors meet the desired criterion of homogeneity or heterogeneity, but that in the next concentric circle—call it the neighborhood once-removed—the criterion is grossly violated. Clearly this situation would
alter the decision rule, change the mobility pattern and produce a different equilibrium.

A further difficulty arises because of possible ex-post changes in preferences. Though individuals might move with the expectation of finding a satisfactory neighborhood, their preference for more or less homogeneity might change after the fact, especially if one allows for the effects from beyond the contiguous neighbors. Preferences might also change as a result of how the contiguous and surrounding neighborhoods allocate goods and services, or as a result of how boundaries are drawn between contiguous and surrounding neighborhoods. If one moves to a neighborhood in pursuit of one’s preferences for racial heterogeneity, for example, but boundaries between neighborhoods are redrawn so as to alter the actual population mix, then the equilibrium would not necessarily remain stable.

Finally, one might relax the assumption that all players in the Schelling game have identical preferences for homogeneity. Under a pattern of distributed preferences, ranging from zero tolerance for diversity (the extreme “homogenist”) to zero tolerance for sameness (the extreme “heterogenist”), what would be the equilibrium racial balance? Moreover, how might individual A’s preferences change as a result of A’s awareness that B has different preferences? These interaction effects are not explicitly accounted for in the basic residential mobility model.

Thus, the basic Schelling model, though compelling conceptually, could not be expected to predict actual residential mobility patterns unless certain dynamic conditions are incorporated. Similarly, the application to school choice, as presented in this paper, should not be taken too literally. We note, for example, that the model cannot in its current form account for the fact that schools—unlike neighborhoods—have physical boundaries. Unlike the residential model in which an individual can theoretically live in overlapping neighborhoods, depending on which set of squares are used to define the neighborhood, the school model falls short because a student cannot attend more than one school at a time. We acknowledge that the model would not necessarily provide an accurate prediction of the racial composition of existing schools with fixed boundaries.

One can sidestep this problem by simply drawing in fixed boundaries around some finite cluster of squares—call those clusters schools—and allow for mobility only into and out from the predefined clusters. Though more realistic in one sense, this variation has other problems. For example, school size is not necessarily fixed, and mobility would likely be driven primarily by vacancies rather than by attention to population homogeneity.

Alternatively, one might imagine that the physical boundaries of schools—their walls, so to speak—will be erected only after the preferences of individual parents are exercised. In such a scenario, one would need to introduce a stochastic element to the checkerboard game and model the choice decision as being governed by one’s perception of the probability that schools will be built around certain clusters of squares. This dynamic variant, although beyond the scope of this paper, might provide another set of insights to the basic issue, namely how individual preferences aggregate into social outcomes.

Finally, our model in its current form does not account explicitly for other factors that would necessarily determine school composition. In this paper we do not consider class sizes, resources, specialty of academic offerings and other issues that would realistically en-
School Choice and the Diversity of Schools

ter into the choice equation. This restriction was not made because these issues are not relevant but rather because we wish to examine the impact of school choice on integration specifically. In essence, we hold all other factors equal in the preferences of parents and isolate the impact of their preference for group composition.

OPPORTUNITIES FOR FURTHER RESEARCH

Our simulation results suggest that school choice may lead to suboptimal demographic composition in schools; this non-traditional perspective of the effects of choice invites many opportunities for further study. One avenue is suggested in the dynamic variant mentioned above. Another possibility involves relaxing the assumption of parents' absolute preference level to allow them to choose schools that better reflect their desire for heterogeneity. In other words, parents could move their children to schools that approach their desired group distribution preference but do not meet it absolutely. In this way, the set of choices that parents have would increase substantially. Automating this process would dramatically increase the possibilities for varying the basic model. Size of district, introduction of physical school boundaries, relaxed preference assumptions and other variants could be easily introduced. For example, not only would automation enable the researcher to adjust parents' preferences and observe patterns of outcomes, but it could expand the analysis to include trades. For instance, if unsatisfied parents were allowed to collaborate, it could be possible for them to trade and improve the status of the whole community. Assuming that all parents whose preferences are not met are equally unhappy regardless of the actual group distribution ratio, Pareto optimal trades could be made without making a parent worse off than he or she was before the trade. The end result of this trade would be one fewer unsatisfied parent, which increases the overall societal well-being.

POLICY IMPLICATIONS

Many believe that granting full autonomy to parents to decide where their children attend school is necessary to reform the American educational system. However, as demonstrated in this paper, the impact on the demographic composition of our schools may be undesirable. Specifically, our model results suggest that market-based education reforms can lead to segregated schools even if parental preferences are assumed to place a high value on diversity.

One-third of parents in America believe that racial or ethnic composition of a school is an important factor in school choice (Hirsch 1994), suggesting that school composition is a priority on the collective agenda. As our school choice model suggests, group composition preferences may not be attainable under a market system of individual choice. As an example of a market failure, the analysis further suggests the intervention of a non-market entity to achieve such societally desired outcomes.

The possible merits of school choice are many and have been widely discussed in the education policy literature. Those possibilities notwithstanding, it is critical for policymakers to be aware of the potential for increased segregation that may result, even unintentionally, from choice models. As we turn our collective attention to the market in education, we must consider what we may lose, in addition to what we may gain. An appropriate, balanced
way for policymakers to approach school reform must include a policy's impact on all aspects of schooling.

**TECHNICAL APPENDIX**

This section provides more detail about the methods and mechanics of the trial simulations presented in the body of this paper. Specifics of one four-by-four and one eight-by-eight trial are provided. Additionally, we demonstrate how the assumption of a fixed preference for homogeneity could be relaxed and applied to the model.

In the first trial, a four-by-four school district (16 slots) was created. This grid is smaller in size than the Schelling model, but the basic school district construction techniques are similar. Two sets of coins were used to represent two groups. Initially, eight pennies and eight dimes were randomly assigned to the grid in the following manner: each space on the grid was given a number one to sixteen, a corresponding number was printed onto a small sheet of paper and the numbers were drawn at random. A coin was flipped to determine which coin would be placed onto the board first. Using an alternating pattern, the subsequent coins were placed on the board.

In order to create a situation in which parents had an opportunity to move, four coins were randomly removed from the grid. These spaces gave the coins the potential to move to other schools with different racial distributions. The initial school district model contained seven dimes and five pennies (see Chart 3 for initial coin placement).

Beginning in the upper left-hand corner of the grid, the ratio of pennies to dimes was evaluated in the coin's school. Again, the coin's school is defined as the space in which the coin resides plus the number of coins surrounding all adjacent spaces. For example (see Chart 3), a dime is in slot 1. There are three spaces adjacent to slot 1 (2, 5 and 6). Therefore, slot 1's school consists of four slots, but in this case only three coins. There are two dimes and one penny. Therefore, the dime in slot 1 is part of a 67 percent majority, which violates its preferences. If possible, this coin will move to another school where its preferences are met.

After an initial iteration it was noticed that in some instances a coin that desired to move could not. In other words, nowhere in the school district could the coin find a school where its
### Chart 5: Trial #3 - Initial 8x8

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<td>O₆₁</td>
<td>O₆₂</td>
<td>X₆₃</td>
<td>X₆₄</td>
</tr>
</tbody>
</table>

N = dot number  
X = Penny  
O = Dime

### Chart 6: Trial #3 - Final 8x8

<table>
<thead>
<tr>
<th>X₉</th>
<th>X₁₀</th>
<th>X₁₁</th>
<th>X₁₂</th>
<th>X₁₃</th>
<th>X₁₄</th>
<th>X₁₅</th>
<th>X₁₆</th>
</tr>
</thead>
<tbody>
<tr>
<td>X₁₇</td>
<td>O₂₄</td>
<td>X₂₅</td>
<td>O₂₆</td>
<td>X₂₇</td>
<td>X₂₈</td>
<td>X₂₉</td>
<td>O₃₁</td>
</tr>
<tr>
<td>O₃₂</td>
<td>X₃₃</td>
<td>X₃₄</td>
<td>X₃₅</td>
<td>O₄₁</td>
<td>O₄₂</td>
<td>O₄₃</td>
<td>X₄₆</td>
</tr>
<tr>
<td>O₄₄</td>
<td>O₄₅</td>
<td>O₄₆</td>
<td>X₄₇</td>
<td>X₅₀</td>
<td>X₅₁</td>
<td>X₅₂</td>
<td></td>
</tr>
<tr>
<td>O₅₃</td>
<td>X₅₄</td>
<td>X₅₅</td>
<td>X₅₆</td>
<td>O₶₀</td>
<td>O₆₁</td>
<td>O₆₂</td>
<td>X₆₄</td>
</tr>
</tbody>
</table>

Boxed = "stuck"  
X = Penny  
O = Dime

N = dot number
preferences were met. This coin is labeled as "stuck." This label does not mean that the coin can never move again. It simply denotes that in the present iteration its preferences cannot be fulfilled. Each coin’s school was analyzed until every coin’s preferences were met or coins were stuck so no additional moves could be made. Chart 4 shows the final distribution of coins.

In order to test the framework in a larger setting, the grid was expanded to eight-by-eight (64 slots). The methods of coin placement differed slightly from the four-by-four model. Initially, the 64 coins were divided into two groups: 38 dimes (approximately 60 percent) and 26 pennies (approximately 40 percent). Using the blind number draw, these coins were randomly placed on the board. To create moving opportunities for this expanded model, 15 coins were removed at random. As pictured in Chart 5, the initial school district resulted in 28 dimes (57 percent majority) and 21 pennies (43 percent minority).

As with the four-by-four model, starting in the upper left-hand corner, each individual’s school district was evaluated and all possible moves were conducted. The same assumptions were utilized, and the point at which the iterations ceased was determined in the same manner. After 11 iterations, no additional moves could be made.

It is interesting to note that in Chart 6, the coin in slot 29 currently attends a school where it is a part of a 100 percent majority. Even though there are no other schools that will conform to its preferences, slot 23 presents an intriguing possibility. If the dime moves from slot 29 to slot 23, then it will move into a school where it is part of a two-thirds majority, a seemingly more tolerable ratio. However, since degrees of happiness and unhappiness were not included as part of the initial preference framework, these movements should be reviewed as an area of further research. If it is initially assumed that an individual prefers school ratios closer to the 40:60 ratio, then moves such as the one listed above could reduce the number of stuck individuals. Although a few additional moves may exist, it is unlikely that making the preferences more specific will lead to an integrated society stemming from individual choice.

Notes

1The opinions in this paper are the authors’ and do not necessarily reflect the position of the National Academy of Sciences or the National Research Council.

2For a simulation of choice that is based on alternative school finance policies, see Manski 1994.

3Perhaps the best example is the failure of former President Bush’s America 2000 plan in the 102nd Congress, when broad bipartisan support for most of the plan collapsed under the weight of last-minute efforts to insert provisions allowing for vouchers.

4The alleged tradeoff between high standards and increased access has been a persistent strain in the American education policy debate (for an eloquent historical review see Cremin 1990).

5The means-end dichotomy is not clean. While it has become fashionable to argue about educational outcomes, the subtext in much of the reform debate is about how children should be educated as much as about what they should learn. Disentangling the process and outcome issues in school reform, though interesting, is beyond the scope of this paper.

6Most of the literature on school choice—both for and against—focuses on achievement outcomes. See, for example, Clune and Witte (1990); Chubb and Moe (1990).

7The debate over ability-grouping centers on the alleged connection between diversity of students and the overall academic level of the classroom or school. See,
Oakes (1985) for the strongest empirical argument against grouping as a means toward improved outcomes for low-achieving students (and, inversely, reduced outcomes for high achieving students).

8For compelling evidence on the shrinking gap between black and white students, as measured by the National Assessment of Educational Progress, see, Linn and Dunbar (1990). Analysis of discrepancies between empirical data and public perception is beyond our current scope. See, however, Berliner and Biddle (1995) or Cremin (1990) for discussion of this issue.

9Manski notes that the first voucher plan in the US was proposed by Thomas Paine in 1792. See Manski (1994) and West (1967) for discussion.

10Whether choice programs can be engineered to maintain racial integration, however, is still uncertain. Murnane and Levy (1996) have found that early choice programs that included provisions to ensure that low-income and minority parents would have access to schools attended by middle-class students were all defeated by middle-class voters.

11But see Williamson (1975) for discussion of interaction effects when both self-interest and altruism are present.

12For discussion of mutually-agreed upon coercion as a solution to public goods problems, see, Olson (1965).

13To facilitate the simulation, we used pennies and dimes on a real checkerboard; any labels for two distinguishable groups, obviously, can be substituted in the analysis.

14Note that the position of the individual will affect the size of the school. Individuals inhabiting corner areas will have a smaller number of adjacent squares than individuals in the middle of the district.
Good News and Bad about Trends in Achievement. *Phi Delta Kappan*, vol. 72, n. 2(Oct.):127-133.


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The Work Status of Seasonal Agricultural Workers in the Post-IRCA Period

CAROL M. HALL
Georgetown University

By granting amnesty to illegal seasonal agricultural workers through the Immigration Reform and Control Act of 1986 (IRCA), policymakers believed that these workers would gain leverage to improve their work status, characterized by low wages and substandard working conditions. The findings of this study suggest that legalization has, in fact, led to a small step forward in improving the non-wage work status of these workers. However, more comprehensive measures are required if policymakers propose to improve the work status of seasonal agricultural workers in a meaningful way.

INTRODUCTION

Under the Immigration Reform and Control Act (IRCA) of 1986, more than one million seasonal agricultural workers were granted legal status as part of the Special Agricultural Worker (SAW) program. The SAW program promised to give seasonal agricultural workers sufficient leverage to improve their work status, often characterized by low pay and substandard working conditions, by legalizing the existing workforce and blocking the flow of new illegal immigration. Since implementation of IRCA, numerous studies have found that its agricultural provisions have actually encouraged the inflow of illegal immigrants. Research, however, has been less rigorous concerning IRCA's effect on the work status of seasonal agricultural workers. This article helps to fill this gap by examining whether workers legalized under the Act have better working conditions and fringe benefits coverage than similar foreign-born agricultural workers.

Seasonal agricultural workers, as a group, earn low wages and often lack basic benefits and working conditions. For purposes of this article, the term seasonal agricultural workers refers to the United States Department of Agriculture (USDA) definition for Seasonal Agricultural Services (SAS) workers, which applies to all workers in fruits, nuts and vegetable crops as well as the vast majority of nursery products, cash grains and field crops. Recent studies have found that as many as one in four seasonal agricultural workers still lacks either drinking water or toilets at their work site (Department of Labor 1993). Few have conventional employment benefits like health insurance coverage and paid holidays, while one in five must pay for equipment and one in ten must pay employers for transportation to the work site. Work status tends to be even lower among seasonal agricultural workers who are migrants, undocumented and employed by farm labor contractors (FLCs), agents who act as

AUTHOR'S NOTE: I would like to thank the US Department of Labor for making the National Agricultural Workers Survey data set available for this analysis. Opinions expressed in this study are my own, as are any errors.

as intermediaries in recruiting, transporting and employing agricultural workers. Despite the often marginal existence of these workers, little research has focused on IRCA's effect on their non-wage work status.

**BACKGROUND**

US agriculture has long provided an open door for unskilled immigrants. Up to one-fourth of the working-age immigrants who entered the US during the 1990s were initially employed in the fruit and vegetable sectors (Martin 1994b). Six in ten seasonal agricultural workers are foreign-born, the vast majority of whom come from Mexico (see Table 1). These workers are drawn to the 75,000 US farms that rely on seasonal labor to meet peak demand for producing fruits, vegetables and horticultural specialties (e.g., flowers, nursery products).

The agricultural system's reliance on foreign labor has a historical basis in the Bracero Program (1942-1964), a treaty signed by Mexico and the US during World War II to facilitate the hiring of contract farm laborers (Valdes 1995). These *braceros* were guaranteed a certain wage or corresponding piece rate and a minimum standard of working conditions. Over the 1942-1964 period, the program was extended through a series of agreements. This program provided the systemic roots of an economic and social network that continues today in the migration patterns from Mexican communities to US agricultural communities.

During the late 1970s and 1980s, the US Government debated immigration reform legislation to address public concerns about illegal immigration. When IRCA was finally enacted in 1986, it was designed to limit illegal immigration through the use of employer sanctions, amnesty programs and increased border enforcement while providing legal immigrants with protection against workplace discrimination. The provisions regarding agriculture included the following:

The Special Agricultural Worker program granted legal status to illegal aliens who did at least 90 days of US farmwork during the year prior to enactment of IRCA (1985-1986).

The H-2A program (which replaced the H-2 program for agriculture) allowed alien workers to temporarily fill US jobs if Americans were unavailable. Under the H-2A program, employers initiated the request for workers. This program has shrunk since IRCA's passage.

The Replenishment Agricultural Worker (RAW) program permitted the use of probationary immigrant agricultural workers if newly legalized SAWs left farmwork and labor shortages developed. Based on findings by the Secretaries of Labor and Agriculture that no agricultural labor shortages existed, the RAW provision expired on September 30, 1993. Employer sanctions

<table>
<thead>
<tr>
<th>Country</th>
<th>Portion of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>40%</td>
</tr>
<tr>
<td>Mexico</td>
<td>55</td>
</tr>
<tr>
<td>Other Latin American</td>
<td>3</td>
</tr>
<tr>
<td>Other Foreign</td>
<td>2</td>
</tr>
</tbody>
</table>
for hiring illegal immigrants for most crop agriculture were deferred until December 1988.

Worker advocates, such as the United Farm Workers, supported the SAW-RAW provisions on the grounds that by legalizing and stabilizing the agricultural workforce, SAWs would have the power to negotiate for better wages and working conditions. Similarly, farmer organizations supported the final compromise bill since it legalized their current workforce while ensuring that more workers would be permitted to enter the US if labor shortages developed (Martin 1994b). Therefore, in theory, IRCA promised that farmers would have an adequate supply of farm labor and that seasonal agricultural workers would have a chance for improved work status.

Despite these expectations, some observers note that Congress passed the provision as more of a last-minute compromise than a carefully worded and understood program, creating difficulties in implementation (Perotti 1994). For instance, even though estimates of the number of illegal workers in US agriculture were uncertain, the USDA estimate of 350,000 illegal agricultural workers was used as a guideline in designing IRCA. In comparison, 1.3 million illegal aliens—almost four times as many as projected—applied for SAW status. Slightly more than one million SAW applicants were accepted.

Despite these expectations, some observers note that Congress passed the provision as more of a last-minute compromise than a carefully worded and understood program, creating difficulties in implementation (Perotti 1994). For instance, even though estimates of the number of illegal workers in US agriculture were uncertain, the USDA estimate of 350,000 illegal agricultural workers was used as a guideline in designing IRCA. In comparison, 1.3 million illegal aliens—almost four times as many as projected—applied for SAW status. Slightly more than one million SAW applicants were accepted.

In fact, research since passage of IRCA has found that, contrary to initial expectations, excess labor supplies have persisted while better wages and conditions for agricultural workers have failed to evolve (Commission on Agricultural Workers 1993, Valdes 1995, Martin 1994b). In recent congressional testimony, Mike Hancock (1995) of the Farmworker Justice Fund in DC, argued that employers are still not complying with basic labor laws such as the Occupational Safety and Health Administration's field sanitation standard, which requires most farm employers to provide potable drinking water, toilets and hand-washing facilities in the fields.

Others assert that, rather than reducing illegal immigration, the SAW program created an open gateway to the US, creating an opportunity for widespread fraud and serving as a stimulus for immigration through the US agricultural system (Martin 1994b, Perotti 1994). The continuous inflow of cheap labor, they argue, has undermined the ability of seasonal agricultural workers to organize effectively and improve their wages and working conditions. The Department of Labor (1994) has found that at least 12 percent of agricultural workers are unemployed at any time during the year. This excess farm labor supply forces long-term seasonal agricultural workers to compete with newly-arrived and illegal workers. With plenty of labor available to growers, it is cheaper for them to use many workers for shorter periods rather than fewer workers for longer periods.

In fact, many migrant agricultural workers must travel long distances to patch together several farm jobs over a given year, for example, to pick apples in Pennsylvania, lettuce in upstate New York and citrus in Florida. About two in five seasonal agricultural workers are considered migrant agricultural workers, defined as those who travel 75 miles in search of a farm job. The burden of this transitory employment, which is associated with lower wages and poorer working conditions than non-migrant work, falls disproportionately on foreign-born Hispanic workers. As many as one-half of foreign-born seasonal agricultural workers are migrants, and 95 percent of all foreign-born migrants were born in Latin America (Department of Labor 1993).
Similarly, work status tends to be lower among undocumented workers and those employed by farm labor contractors (FLCs). Since passage of IRCA, employment by FLCs has increased, which some researchers suggest may partly be the result of growers seeking to circumvent responsibility for complying with basic labor regulations (Department of Labor 1994, Martin 1994b). These farm contractors can lower labor costs by making workers pay for equipment, transportation, meals, housing and other services. This growing practice suggests that non-wage factors rather than earnings may be better indicators of seasonal agricultural workers’ work status.

According to a report by the Department of Labor, “Farm workers cannot achieve and maintain improved pay and working conditions while employers and intermediaries can recruit newly-arrived immigrants willing to work for less” (1994, 38). As a result of the abundance of legal and illegal agricultural workers, it may be that the one-time legalization wave has not been sufficient to improve the work status of SAWs.

**RELATED STUDIES**

*Working Conditions, Fringe Benefits and Workers’ Compensation Coverage*

Relative to the vast theory on wage determination, few empirical studies have focused on determinants of non-wage work status pertinent to this study, such as working conditions, fringe benefits and workers’ compensation coverage. Theoretically, the determinants of wages are also likely to be related to the provision of fringe benefits, since these benefits are a type of non-wage compensation.

Numerous studies that focus on income determination among seasonal agricultural workers tend to build on the basic human capital theory (Donato and Massey 1993, Sorenson and Bean 1994, White-Means 1987). This theory states that as investment in human capital increases, productivity rises, resulting in higher earnings. The basic model takes into account demographic characteristics of age, education, experience, training and occupation as determinants of earnings (Mincer 1958). Based on prior research, however, age, education and work experience do not appear to be strongly associated with earnings of agricultural workers. Massey (1987) found that English proficiency, job skills and experience were associated with hourly wages, not age and education. Similarly, other studies have found that education is not associated with earnings (Frisvold, Mines and Perloff 1988, Donato and Massey 1993, White-Means 1987).

The weak association between human capital characteristics and earnings of seasonal agricultural workers may be partly due to the unique nature of the agricultural workforce. Doeringer and Piore (1985) suggest that the “rates of return to education and experience are significantly lower” in secondary labor markets, which are characterized by limited upward mobility, low wages, little job security, high turnover and isolation from the primary labor market (King 1990, 150). A theory which usually refers to inner city labor markets, it may also be applicable to the seasonal agricultural labor market, where education serves as a bridge out of agricultural labor rather than a boost to better jobs within the sector. In addition, based on the research finding that “piece rate and self-employed workers will have flatter and more variable wage rates over their lifetime than will time rate workers” (Lazear 1981, 606), age may have a more variable relationship to wages among seasonal agricultural
workers, than among workers in other industries.

Several studies have considered determinants of non-wage work status. For instance, prior research found a positive relationship between unionization and working conditions of non-agricultural workers (Freeman 1981). Chi (1985) found that migrant agricultural workers with more work experience, higher productivity and good mental health are more likely to receive fringe benefits such as free transportation and meals. The theory of compensating differentials suggests that the positive correlation between wages and benefits found in most studies is due to an unobserved variable that is correlated with both outcomes. Currie and Chaykowski (1995) state that although this omitted variable might be a proxy for factors, such as the quality of the worker, the extent of screening by an employer, or the propensity of a worker to change jobs, an omission of a wage variable in a non-wage determination model can result in an over-estimation of other factors associated with benefits.

A study by Dunn (1985) attempted to measure the welfare loss to migrant agricultural workers resulting from the non-provision of non-wage benefits. While the “willingness-to-pay” techniques utilized by this survey are controversial (Diamond and Hausman 1994), Dunn’s findings are useful in understanding how agricultural workers value different non-wage characteristics of work. The study collected information from 202 migrant agricultural workers with comparable wages on how much they would be willing to pay to have a specified benefit, such as pensions, paid sick leave, health-insurance coverage, rest breaks, a portable toilet, drinking water, improved housing and “non-arbitrary and impartial” work rules. Dunn found that the greatest welfare losses resulted from lack of benefits that enhance the physical comfort of workers on the job such as provision of toilets and drinking water at the work site. Therefore, measures for physical comfort such as access to sanitation services in the field are clearly important measures of non-wage work status.

**IRCA’s Effect on Agricultural Workers**

Under IRCA, the Department of Labor is required to monitor changes in the supply of seasonal agricultural labor. As part of this congressional mandate, the Department of Labor has published five reports on seasonal agricultural workers based on findings from the National Agricultural Workers Survey (NAWS). These reports provide descriptive statistics for SAS workers since the passage of IRCA.

One report found that farm wages, working conditions and income levels have remained low in the post-IRCA period (Department of Labor 1993). The average annual personal income for seasonal agricultural workers was only $6,500 (see Table 2). In particular, the study found that overall real wages for FLC employees declined from $5.38 to $4.62 during this period. For piece-rate workers employed by FLCs, hourly earnings declined even more, from $7.11 in 1989 to $5.01 in 1991. During the same period, the proportion of FLC employees paid by piece rate (as opposed to an hourly wage) increased by ten percentage points, from 26 to 36 percent. This finding is particularly troublesome considering that the number of FLCs has grown in recent years.

In 1991, the study found that about 30 percent of SAWs lacked access to work site sanitation facilities, and the proportion of SAWs with paid vacations declined from 1989 to 1991. Other information on benefits and work con-
Table 2: Real Personal Income (in 1989 dollars) and #SAS days Worked, By Type of Employer

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>#SAS days worked</th>
<th>Average Annual Personal Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLC</td>
<td>129</td>
<td>$4,700</td>
</tr>
<tr>
<td>Non-FLC</td>
<td>144</td>
<td>6,900</td>
</tr>
<tr>
<td>All</td>
<td>141</td>
<td>6,500</td>
</tr>
</tbody>
</table>

Source: Department of Labor 1993, Table 11.

Hypothsis

This study tests the hypothesis that SAWs have a higher non-wage work status than other foreign-born seasonal agricultural workers. Specifically, it tests whether SAWs have better physical working conditions than their counterparts, SAWs have higher coverage by fringe benefits than their counterparts and SAWs are more likely to have workers’ compensation coverage than their counterparts.

Since the SAW program promised to give leverage to seasonal agricultural workers to improve their work status, a positive relationship is expected between SAW status and physical working conditions, coverage by fringe benefits and workers’ compensation coverage. If a positive relationship is found, it would suggest that workers are better off under the SAW program.

Database

To test these hypotheses, the study uses data from the National Agricultural Workers Survey (NAWS), which since 1988 has collected information from a total of 16,000 SAS workers on their demographics, working and living conditions. Administered under contract of the Department of Labor by Aguirre International of San Mateo, California, the database includes information on key variables of interest to this study. Legal status is differentiated by SAWs, undocumented workers and other legal foreign-born workers, which include agricultural workers with green cards as well as US citizens. Other survey design measures make NAWS a good source of information on agricultural workers. The survey samples and interviews agricultural workers in three cycles every year in order to account for agriculture’s seasonality. In addition, the NAWS uses farmwork sites as the basis for sampling and locating agricultural workers.

While NAWS is one of the best sources of data on US seasonal agricultural workers, one of its limitations is that it depends on workers’ perceptions about their work conditions and benefits. For instance, a respondent might...
say that he does not have workers’ compensation even though he is actually eligible. While this limitation could affect the findings, one might argue that it is the perceptions that are relevant. In other words, if a worker does not believe he is covered by workers’ compensation, then he is unlikely to know how to collect it if he is injured on the job.

More importantly, the survey instrument does not interview the same individuals over time. While it does collect three years of history for each sampled farmworker, this history is based on recollection and does not allow for longitudinal time series analysis. As a result, the data only reflects those workers who continue to work in the agricultural sector, and it is unknown if there are common characteristics, such as a high level of education among individuals who leave agricultural work altogether for better jobs in the industrial or service-oriented sectors.

The Sample

The sample consists of 2,785 foreign-born Hispanic male SAS workers from 1993 to 1994 (NAWS data, interview Cycles #14-19). By limiting the sample to this population, the models implicitly control for differences in wages, working conditions and benefits that may be correlated with gender and ethnicity. The study limited its analysis to Hispanic males because the work experience of female agricultural workers and non-Hispanic workers is likely to be very different, even though they represent only a small proportion of foreign-born seasonal workers (Donato and Massey 1993, Chavira-Prado 1992). About 97 percent of SAWs are of Hispanic origin, and more than 90 percent are male. While the findings of this study are representative of the typical SAW, they are only applicable to the population of male Hispanic foreign-born seasonal agricultural workers.

Descriptives: The Typical Foreign-Born Agricultural Worker

The sample of 2,785 foreign-born Hispanic males varied by legal status, type of employer, migrant status and other demographic and socioeconomic characteristics. About 40 percent of the sample population were SAWs, while 33 percent were undocumented. The remaining 27 percent were classified as other legal foreign-born, which include US citizens and green card holders.

Based on the sample, SAWs appear to be better off in terms of non-wage work status (see Table 3). While traditional benefits are uncommon among all seasonal agricultural workers, SAWs were more likely to have health care coverage (19.4 percent) and paid holidays (16.1 percent) than their undocumented counterparts. In addition, a higher percentage of SAWs said they had unemployment insurance (81.5 percent) and workers’ compensation (62.8 percent). While workers had access to basic sanitation services in the field, SAWs were slightly more likely to have access to all three (82.9 percent). Other differences were small: SAWs were slightly less likely to be required to pay a transportation fee (24 percent), more likely to receive education on pesticide use (39.1 percent) and as likely to be required to pay for equipment (21.5 percent). Finally, on average, SAWs earned 20 cents more per hour ($5.92) than all workers, and almost 40 cents more per hour than undocumented workers ($5.51).

Not surprisingly, undocumented workers were worse off. They were less likely than other agricultural workers to report having unemployment insurance coverage, paid holidays, workers’ compensation coverage, health care cover-
Table 3: Measures of Non-Wage Work Status by Legal Status  
(percent responding yes)

<table>
<thead>
<tr>
<th>Measure</th>
<th>SAW</th>
<th>Undoc</th>
<th>Other Legal</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer provides health care coverage</td>
<td>19.4</td>
<td>4.5</td>
<td>19.9</td>
<td>14.9</td>
</tr>
<tr>
<td>Worker receives paid holidays/vacations</td>
<td>16.1</td>
<td>3.4</td>
<td>17.7</td>
<td>12.5</td>
</tr>
<tr>
<td>Worker is covered by unemployment insurance</td>
<td>81.5</td>
<td>11.2</td>
<td>78.7</td>
<td>58.7</td>
</tr>
<tr>
<td>Worker/relative pays for equipment</td>
<td>21.5</td>
<td>20.9</td>
<td>23.1</td>
<td>21.8</td>
</tr>
<tr>
<td>Worker must pay transportation fee to work site</td>
<td>24.0</td>
<td>29.0</td>
<td>21.1</td>
<td>25.2</td>
</tr>
<tr>
<td>Employer provides education on pesticide/chemicals</td>
<td>39.1</td>
<td>30.7</td>
<td>46.7</td>
<td>38.6</td>
</tr>
<tr>
<td>Washing water is available in the fields</td>
<td>89.2</td>
<td>78.0</td>
<td>90.0</td>
<td>85.8</td>
</tr>
<tr>
<td>Drinking water is available in the fields</td>
<td>96.2</td>
<td>97.1</td>
<td>93.8</td>
<td>95.8</td>
</tr>
<tr>
<td>Toilets are available in the fields</td>
<td>87.3</td>
<td>73.3</td>
<td>86.1</td>
<td>82.4</td>
</tr>
<tr>
<td>Workers say they have workers' comp or equivalent (WCOMP)</td>
<td>62.8</td>
<td>30.4</td>
<td>60.2</td>
<td>52.0</td>
</tr>
<tr>
<td>Worker has access to all three sanitation services (WCOND)</td>
<td>82.9</td>
<td>68.5</td>
<td>71.1</td>
<td>77.5</td>
</tr>
<tr>
<td>Worker has two or more of the following: health care, paid holidays, free transportation and free equipment (FRINGE)</td>
<td>63.3</td>
<td>60.1</td>
<td>74.1</td>
<td>62.7</td>
</tr>
</tbody>
</table>

age and access to field services. Similarly, workers employed by FLCs were worse off than the average worker in terms of non-wage status, but there was no difference in the mean wage of FLC and non-FLC workers. In contrast, migrant workers had comparable wages to similar workers, while their working conditions tended to be poorer.

While there was substantial diversity among many aspects of non-wage work status among all workers in the sample, there was little variation in access to sanitation services in the fields. Of all workers in the sample, 82 percent had access to toilets, 96 percent had access to drinking water and 86 percent had access to washing water in the fields. About half (52 percent) said they believed they were covered by workers' compensation (or at least some type of health coverage for on-the-job illness or injuries) and almost three-fifths (59 percent) said they were covered by unemployment insurance. Few had traditional fringe benefits. Only 15 percent said they were covered by health insurance for off-the-job injuries and illnesses and only 12 percent received paid holidays or vacations. In addition, 22 percent had to pay for their own equipment and 25 percent had to pay a transportation fee. About four in ten workers had received some type of education about pesticides and chemicals in their current jobs.

In general, foreign-born seasonal agricultural workers are relatively young and poorly educated. The typical seasonal agricultural worker in the sample was only 29 years old, had six years of education and had been doing farmwork in the US for seven years. On average, SAWs were slightly older and had been doing US farmwork for almost 11 years. Although the average wage was $5.72 per hour, only half of the agricultural workers in the sample earned more than $5.05 per hour. Twenty percent worked for farm labor contractors rather than directly for growers, and more than half (54 percent) were migrants.
Only two percent said they had belonged to a farm union at anytime during the previous two years.

Seasonal agricultural workers are employed in a variety of crops and types of work (see Chart 1). Almost one-third (32.3 percent) of the workers were employed in fruits and nuts crops. More than one in four (26.2 percent) worked in vegetables and more than one in five in field crops (21.7 percent). SAWs were more prevalent in fruits and nuts crops, which appear to be associated with better working conditions but lower fringe benefit coverage than all other crops. Supervisors were paid substantially higher wages ($9.16) than the average worker and had the best non-wage work status of all workers, with 92 percent having more than one fringe benefit. Pre-harvest workers had the lowest wages, while harvest workers had the poorest working conditions.

**METHODODOLOGY**

The hypotheses were tested by developing three models measuring non-wage work status, controlling for relevant factors. All three models used logistic regression with a dichotomous dependent variable for a sample of 2,785 male, foreign-born, Hispanic seasonal agricultural workers from 1993 to 1994 (NAWS data, interview Cycles #14-19).

**Dependent Variables:**

Three dependent variables were created to measure different aspects of non-wage work status. In Model I, the dependent variable measures whether workers had access to all basic sanitation services, which have been found to be highly valued among seasonal agricultural workers (Dunn 1985). In Model II, the dependent variable measures whether workers had access to two or more fringe benefits including paid holidays and vacations, employer health care, free equipment and free transportation to work. The dependent variable for Model III measures whether the worker had workers' compensation coverage.

![Chart 1: Type of Crop by Legal Status](chart)

**The Models**

All three models include the independent variables as listed in Table 4. To assess the impact of IRCA provisions on non-wage work status, the variable SAW is included in all three models. If the relationship is found to be positive and significant, then SAWs are, in fact, better off than their non-SAW counterparts. Since these agricultural workers were legalized under
MODELS I-III: WORKING CONDITIONS, FRINGE BENEFITS, WORKERS' COMPENSATION

\[ \log(P/1-P) = b_0 + b_1 \text{SAW}, + b_1 \text{HIGHGRDE} + b_2 \text{AGERES} + b_3 \text{YRSFARM} + b_4 \text{ENGLPROF} \\
+ b_5 \text{HLC} + b_6 \text{MIGRANT} + b_7 \text{WAGE} + b_8 \text{WAGEHOUR} + b_9 \text{CR_FIELD} \\
+ b_{10} \text{CRHORT} + b_{11} \text{HARVEST} + b_{12} \text{UNDCC} + b_{13} \text{SUPRVR} + b_{14} \text{UNION} + e \]

where
in Model I, P = WCOND as defined in Table 3
in Model II, P = FRINGE as defined in Table 3
in Model III, P = WCOMP as defined in Table 3
and
where SAW, AGERES, HIGHGRDE, YRSFARM, HLC, MIGRANT, WAGE, WAGEHOUR, CR_FIELD, CRHORT, HARVEST, UNDOC, ENGLPROF, SUPRVR, UNION are listed in Table 4.

\( i = \text{respondent} \)
\( e = \text{residual} \)

IRCA, it would suggest that the Act improved SAWs' non-wage work status. Another category, undocumented worker, is also included in the model as a point of comparison and because prior research has found that undocumented workers tend to have lower wages.

To control for other determinants of work status, the models build on a basic human capital theory wage model taking into account explanatory variables on level of education, work experience and age (Mincer 1958). However, these factors may be less important among agricultural workers. Therefore, the models include measures that prior research has found to be important to a largely immigrant or agricultural workforce such as English proficiency, years of farmwork experience, type of task, type of crop, employment by a farm labor contractor and migrant status (Massey 1987, Portes and Bach 1980 cited in Oesterheld 1994). In addition, although few agricultural workers belong to farm unions, a variable for union membership is included since prior research has shown unionization is positively associated with provision of benefits (Freeman 1981). Finally, measures for current wages and pay structure, which have been found to be important in estimating working conditions and fringe benefits, are included. (Currie and Chaykowski 1995).

There are several limitations of this research due to constraints on data availability, funding and the relative lack of prior empirical work on which to base the study. The models do not incorporate factors associated with long-term welfare, such as health and days of farmwork. While these factors have been found to be related to annual earnings of seasonal agricultural workers, they are less likely to be relevant to the non-wage work status of these workers.

Further, the study does not include a proxy for workers' social ties to the United States, which prior studies have included in models predicting earnings (Massey 1987). Two other measures absent from this study that prior research suggests may be relevant include educational attainment in the receiving country and geographic region (Hashida 1995). These limitations re-
The Work Status of Seasonal Agricultural Workers

FINDINGS

The regression results show that SAWs are better off as a result of being legalized, even when controlling for factors such as years of farmwork in the US, type of crop and task and employment by farm labor contractors (see Table 4). SAWs are more likely to have access to all type of field sanitation services, a working condition that prior research has found to have sizable welfare effects on agricultural workers (Dunn 1985). However, even though small differences may be highly valued, SAWs are only slightly more likely to have access to sanitation services than similar workers. Further, SAWs are not more likely than other workers to have fringe benefits or workers' compensation coverage. Collectively, these findings suggest that IRCA has led to only a slight improvement in the non-wage work status of SAWs.

While no relationship is found between SAW status and workers' compensation coverage, undocumented workers are less likely to believe they had workers' compensation. This result is intuitive since undocumented workers are less likely to know about or qualify for coverage. There is no statistically significant relationship between legal status and fringe benefits coverage.

While legal status appears to be related to certain aspects of non-wage work status, other factors, in particular the type of employer, appear to have a stronger relationship with non-wage work status. Workers employed by farm labor contractors (FLCs) are less likely to have positive working conditions, fringe benefits coverage and workers' compensation coverage. This relationship is highly negative and significant in all three models. Migrant workers also tend to have a poorer work status.

Union, wage structure and type of work, including crop and task, are also important in determining non-wage work status. Workers with higher wages and those paid hourly (rather than at piece rate) have better non-wage work status than other workers. This result suggests that lower wage workers also suffer poorer working conditions, both of which may be associated with an unmeasurable characteristic of the worker. Union status is, for the most part, found to be insignificant. Surprisingly, union workers are less likely to believe that they had workers' compensation coverage. It is not clear why this is the result. It may be that union workers are better informed about their rights, such as workers' compensation coverage, and therefore more accurately reporting lack of coverage.

Personal characteristics, including age, educational attainment and years experience in US farmwork, are less important than other factors. These findings are consistent with prior research that suggests human capital factors normally associated with work status are not as applicable for seasonal agricultural workers (Donato and Massey 1993). However, it is not clear why English proficiency is not significant in any of the models since theory would suggest this would be an important determinant of work status among immigrants. It appears that among agricultural workers, other factors are more important in improving agricultural work status. It may be that more educated workers leave agricultural work altogether, a possibility that would not be captured by this study.

POLICY RECOMMENDATIONS AND CONCLUSIONS

Based on this study's findings that legalization has improved the working status of SAWs, long term US immigration policy should commit to creat-
### Table 4: Regression Output

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>Model I</th>
<th>Model II</th>
<th>Model III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WCOND n=2094</td>
<td>FRINGE n=1533</td>
<td>WCOMP n=1720</td>
</tr>
<tr>
<td>SAW</td>
<td>.3919*a</td>
<td>- .2077</td>
<td>.1344</td>
</tr>
<tr>
<td></td>
<td>(7.0005)*b</td>
<td>(1.0000)</td>
<td>(1.0415)</td>
</tr>
<tr>
<td>Undocumented</td>
<td>-.1441</td>
<td>-.2834</td>
<td>-1.0343</td>
</tr>
<tr>
<td></td>
<td>(2.3734)</td>
<td>(2.1137)</td>
<td>(38.7328)</td>
</tr>
<tr>
<td>Age of Respondent</td>
<td>-.0026</td>
<td>.0162</td>
<td>.0014</td>
</tr>
<tr>
<td></td>
<td>(1.419)</td>
<td>(3.2995)*c</td>
<td>(4.0452)</td>
</tr>
<tr>
<td>Education</td>
<td>.0533</td>
<td>.0111</td>
<td>.0137</td>
</tr>
<tr>
<td></td>
<td>(8.0151)*d</td>
<td>(2.829)</td>
<td>(5.990)</td>
</tr>
<tr>
<td>Years of Farmwork</td>
<td>-.0015</td>
<td>-.0134</td>
<td>-.0062</td>
</tr>
<tr>
<td></td>
<td>(0.235)</td>
<td>(2.538)</td>
<td>(4.3062)</td>
</tr>
<tr>
<td>Proficient in English</td>
<td>.0541</td>
<td>.5157</td>
<td>-.1290</td>
</tr>
<tr>
<td></td>
<td>(0.0496)</td>
<td>(3.2585)</td>
<td>(3.8989)</td>
</tr>
<tr>
<td>Employed by FLC</td>
<td>- .2645</td>
<td>-1.3967</td>
<td>-1.1515</td>
</tr>
<tr>
<td></td>
<td>(3.6073)*e</td>
<td>(75.9538)</td>
<td>(65.7749)</td>
</tr>
<tr>
<td>Migrant</td>
<td>-.5632</td>
<td>-.1936</td>
<td>-2.4000</td>
</tr>
<tr>
<td></td>
<td>(22.0871)*f</td>
<td>(2.1370)</td>
<td>(4.7308)</td>
</tr>
<tr>
<td>Average Hourly Wage</td>
<td>.0792</td>
<td>-.0844</td>
<td>.0543</td>
</tr>
<tr>
<td></td>
<td>(7.7475)*g</td>
<td>(8.1842)</td>
<td>(3.3797)</td>
</tr>
<tr>
<td>Paid Hourly</td>
<td>.8557</td>
<td>.8687</td>
<td>.3388</td>
</tr>
<tr>
<td></td>
<td>(31.3619)*h</td>
<td>(26.9233)</td>
<td>(5.1224)</td>
</tr>
<tr>
<td>Field Crops</td>
<td>-.8459</td>
<td>2.1423</td>
<td>.1240</td>
</tr>
<tr>
<td></td>
<td>(47.4029)*i</td>
<td>(120.2976)</td>
<td>(95.45)</td>
</tr>
<tr>
<td>Horticulture</td>
<td>-.7653</td>
<td>-.4660</td>
<td>.7231</td>
</tr>
<tr>
<td></td>
<td>(5.3288)*j</td>
<td>(3.3729)</td>
<td>(8.8309)</td>
</tr>
<tr>
<td>Harvest Worker</td>
<td>.4398</td>
<td>-.2576</td>
<td>-.0467</td>
</tr>
<tr>
<td></td>
<td>(12.2079)*k</td>
<td>(2.6677)</td>
<td>(1.598)</td>
</tr>
<tr>
<td>Supervisor</td>
<td>3.6245</td>
<td>4.3040</td>
<td>.4861</td>
</tr>
<tr>
<td></td>
<td>(5.412)</td>
<td>(5.149)</td>
<td>(2.996)</td>
</tr>
<tr>
<td>Union</td>
<td>-5118</td>
<td>-.3593</td>
<td>-8613</td>
</tr>
<tr>
<td></td>
<td>(1.9363)</td>
<td>(6.909)</td>
<td>(5.7004)</td>
</tr>
<tr>
<td>Constant</td>
<td>.2277</td>
<td>-.6484</td>
<td>-.0294</td>
</tr>
<tr>
<td></td>
<td>(3.214)</td>
<td>(2.0170)</td>
<td>(0.062)</td>
</tr>
<tr>
<td><strong>Model Chi-Square</strong></td>
<td>202.0051*</td>
<td>371.7301*</td>
<td>252.7601*</td>
</tr>
<tr>
<td><strong>Percent Predicted Correctly</strong></td>
<td>77.17%</td>
<td>74.64%</td>
<td>68.43%</td>
</tr>
</tbody>
</table>

1. significant at the .01 level
2. significant at the .05 level
3. significant at the .10 level
4. beta regression coefficient
5. Wald statistic
The Work Status of Seasonal Agricultural Workers

ing a legal seasonal agricultural workforce. Of course, this presents an ongoing challenge. Researchers have found that rather than stemming illegal immigration, IRCA's SAW provision has actually perpetuated the inflow of illegal agricultural workers (Perotti 1992). In addition, US policy currently reinforces a reliance on inflows of new immigrants for agricultural worker supply. For instance, enforcement of immigration policy within agriculture usually is enforced only after the seasonal crops have been harvested (Martin 1994a).

In addition to the political and practical difficulties of adequately enforcing immigration laws, the rise in the use of farm labor contractors as intermediaries facilitates the use of illegal workers. Twenty percent of foreign-born Hispanic males are employed by FLCs, which were consistently and strongly associated with poorer working conditions, fewer benefits and lack of workers' compensation coverage, even when controlling for legal status. With a higher proportion of illegal workers employed by FLCs than legal workers, the rise in use of FLCs appears to expedite the hiring of undocumented workers by reducing the risk to growers, relegating workers to particularly poor working conditions.

Unfortunately, the private sector is unlikely to voluntarily change this practice of using FLCs. Labor unions do not appear to be a viable force for improving conditions in the sector. In fact, the findings suggest that even the small percentage of seasonal agricultural workers who currently belong to unions are no better off than similar workers. With a system that has a continuous supply of cheap undocumented labor, the seasonal agricultural workforce remains in a weak position to negotiate for better wages and working conditions. In this case, government intervention is needed. Policymakers should seek to eliminate loopholes in the law that do not hold agricultural employers liable for any labor law violations of workers hired indirectly through contractors.

In the long term, enforcement of immigration laws will be futile as long as cheap US farm jobs pay more than similar jobs in Mexico. The pull of US agriculture jobs will continue to be a strong draw for immigrants. Despite the perceived promises of the North American Free Trade Agreement (NAFTA) for improving the Mexican economy, immigration policy and farmworker rights were not discussed during the negotiations, and the disparity in economies is likely to reinforce migrant outflows from Mexico for the foreseeable future. Valdes (1995, 132) states that, "the steps taken by the governments of the United States and Mexico and their corporate allies culminating in NAFTA will have the effect of increasing the numbers of undocumented Mexican farmworkers in the United States, displacing amnestied workers and intensifying the struggle over legal status." A comprehensive US immigration policy should develop transnational rural development strategies for regions with large agricultural sending communities. Stuart and Kearney (1981) found that for communities like San Jeronimo in Mexico, recurrent migration "is not a choice among other options, but a necessity." These communities become dependent on migration for survival, perpetuating the cheap flow of labor to the US and the continued marginal existence of agricultural workers.

While SAWs are better off than their undocumented counterparts, the findings are also consistent with research depicting a marginal existence for the entire seasonal agricultural workforce. Traditional benefits like
health care coverage are uncommon, and a majority of workers live below the poverty threshold. Some researchers argue that the existing agricultural system needs to be reexamined. The availability of low-cost foreign workers condemns workers to live a marginal existence. As Martin (1994a) suggests, this pattern of reliance on low-cost foreign labor is likely to be difficult, if not impossible, to reverse:

"There are few indications that immigration laws will be enforced in the 1990s in a manner that breaks these cross-border labor market links. This is most unfortunate, because controlling illegal migration probably offers the single most effective strategy for introducing steady long-term improvement in the lives and working conditions of farmworkers" (176-177).

Legislators will need to decide whether to continue creating exceptions to immigration policy for the agricultural sector. Rather than propose a one-time legalization strategy, such as that adopted under IRCA, policymakers seeking to improve the work status of seasonal agricultural workers should take a comprehensive approach that will promote a legal agricultural workforce in the long term.

Notes

1 In 1986, a compromise was negotiated by Representative Schumer (D-NY), that was designed to represent both employer and worker interests. Out of this compromise, the SAW program was created.

2 The Commission on Agricultural Workers (1993) found that illegal immigration continued partly due to lack of enforcement of border and employer sanctions. The RAW program expired on September 30, 1993.

3 The NAWS survey has been carefully designed to elicit truthful responses regarding the sensitive issue of legal status.

4 In this way, it avoids undercounting problems that household surveys encounter due to the highly mobile nature of the migrant farmworker population. To make farmworkers comfortable during the initial contact, arrangements are made to interview them in their homes or other convenient location.

5 The study did find that older workers are more likely to have more than one fringe benefit than younger workers, and more educated workers are likely to have better working conditions than similar workers. Both of these relationships appear to be very small.

6 Similarly, Hashida (1995) did not find English proficiency to be a significant determinant of agricultural wages.

7 Union workers are less likely to believe they had workers' compensation, but this may be a result of being better informed.

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______. *National Agricultural Workers Survey (NAWS)*. Interview Cycles #14-19.


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Ending Welfare as We Know It: How Will We Know?

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Georgetown University

This article describes the new welfare reform statute enacted by the 104th Congress. It discusses 33 indicators of child well-being which might be used to track state implementation of the new law. State administrative data systems and Bureau of Census surveys will be the primary sources of data for these indicators. Each source will have limitations which can compromise our ability to track the well-being of children in individual states. Five priority child well-being indicators are suggested: early child poverty, children exiting poverty, children whose parents leave welfare for positive reasons, first births to unmarried teenage women with less than 12 years of schooling and out-of-wedlock birth rates.

INTRODUCTION

When Bill Clinton ran for President in 1992, he pledged to "end welfare as we know it" when elected. After failing to have his reform plan considered by the 103rd Congress and vetoing two Republican legislative attempts during the 104th, he signed a major welfare reform bill into law in August 1996. How will we know whether this legislation influences people on welfare to reduce welfare dependency and births to teenagers? Will it put people to work? Will it reduce the number of children growing up in fatherless families? Or, will it increase the child poverty rates and reduce welfare costs?

In this article, I discuss major features of the reform bill and criteria that might be used to select a proposed set of child well-being indicators. We might use these indicators to monitor progress in resolving important problems—such as welfare dependency, out-of-wedlock childbearing, child support deadbeats and child poverty. Keeping track of progress in attaining legislative and societal goals is important and often neglected. The attention of the nation, like its Congress, often moves on to other crises after legislation becomes statute—before the real work of governing and administration really begins. A set of Welfare Reform Indicators (WRI) should be developed to measure our war on welfare. As with the poverty rate, developed 30 years ago to measure our nation's success in its "war on poverty," monitoring the progress of welfare reform is no less important today.

Make no mistake, "ending welfare as we know it" is not an exercise in hyperbole; the Personal Responsibility and

AUTHOR'S NOTE: I would like to thank Daniel Weinberg, Bureau of Census; Matt Stagner and Kelleen Kaye, Office of the Assistant Secretary for Planning and Evaluation, HHS; and Brett Brown, Child Trends, for their insightful suggestions to improve this article. I retain responsibility for errors of judgement or fact which may remain.

Work Opportunities Reconciliation Act of 1996 is a sea-change in the way we deal with people who seek and receive public assistance. House Republican leader, Richard Armey said the bill "[e]nds the entitlement status of numerous welfare programs, block granting the funds to the states for implementation. This eliminates bureaucratic red tape in Washington and gives states the flexibility to be innovative in fighting poverty" (US Congress 1995). Title I of the new statute, Temporary Assistance to Needy Families (TANF), which replaces Aid to Families with Dependent Children (AFDC), ends recipients' rights to a Federal entitlement for assistance, creates a lump-sum assistance program to the states and encourages state control and responsibility for welfare policy (PL 104-193).

Will Congress and the Clinton administration adequately monitor the innovations planned by TANF? It is somewhat difficult to tell. To give Congress its due, the bill authorizes $70 million over several years for the Bureau of Census to gather and report national statistical data about national reform progress. This is an unusual and beneficial step. It also provides funds for the US Department of Health and Human Services (HHS) to evaluate various aspects of the new law. It requires states to report various case load data to HHS. The statute also is unusual in that it mandates financial incentives be given for states that improve their performance on certain work program and out-of-wedlock indicators.

On the other hand, the statute cuts the administrative staff in the office that administers AFDC by 75 percent, presumably because Congress believes they will be no longer needed. Given these staff cuts, federal evaluations of state waiver requests are likely to provide less insight concerning progress of state attempts at welfare reform. Another reason for concern about whether TANF will be effectively monitored is that, historically, state reporting of case load data under block grants has been less detailed and useful than data required from entitlement programs. Thus, the future of our ability to monitor change is mixed.

At the same time that welfare is being reformed, there are complementary initiatives to improve the reporting of national, state and local child well-being indicators (Institute for Research on Poverty Special Report 1995). Foundations and various levels of government are sponsoring these initiatives. Their focus is on comprehensive measures of child well-being in the context of the family and community—including economic security, health, education and other aspects of child well-being (see US Department of Health and Human Services 1996).

Welfare reform and child well-being indicator activities are discussed in more detail in the next two sections and linked to a proposed agenda to prepare WRI. The remainder of the paper will discuss the criteria that might be used to measure welfare reform's successes, limitations and unintended consequences. I will suggest a number of indicators that might be used to judge TANF and conclude with recommendations for a "Fab-Five" set of WRI, the five indicators to which I would give highest priority.

WELFARE REFORM AND TANF

In 1988, Congress passed Public Law 96-272, the Family Support Act (FSA). Sponsors hailed it as a major reform of welfare. The FSA made many important changes from work requirements for welfare recipients to child support requirements. Senator Daniel Patrick Moynihan stated that it would be the last major reform of welfare in this century (Wiseman 1991). Less than four years later, welfare reform was a major
presidential campaign issue and less than eight years later a new reform was signed into law. Will this new law also be changed before it has had an opportunity to be completely implemented or assessed for its strengths and weaknesses?

TANF fundamentally changes the nature of federal welfare policy by eliminating the six-decade-old entitlement features of AFDC and creating a block grant to the states. Unlike FSA, which might be characterized as a change in degree, TANF is a change in kind. Since the November 1996 elections left the composition of Congress relatively unchanged, TANF is likely to be around until the next century. It will significantly affect low-income families and families that have become dependent on welfare.

To decide what should be tracked, one must understand what problems TANF tries to eliminate. In a letter from Richard Armey, the House Republicans articulated four major problems with the current welfare system:

(1) “The current system discourages work and promotes government dependency. Our bill would put millions of people now on welfare rolls on payrolls, where they will learn the freedom, responsibility and dignity that come from working.

(2) “Our failed system subsidizes illegitimacy, breaks up families and promotes personally destructive behavior. We’re going to change the incentives to encourage family unity and stop paying cash to kids who have kids.

(3) “Cash benefits going for drugs, generation after generation of dependency, children having children and children killing children—nothing could be more cruel to kids than the current failed welfare system.

(4) “Ideas that might work in Detroit, Michigan might not work in Ames, Iowa. The closer you get to home, the more efficient things get. We want to give local officials the flexibility to be more bold than the stagnant federal bureaucracies that made the mess of this system” (US Congress 1995).

The statute’s objectives are a primary guide to designing a strategy for tracking welfare reform. Before discussing these relationships, however, the next section briefly outlines several recent efforts to promote national indicators of child well-being that might help us select WRI.

SOCIAL INDICATORS AND CHILD WELL-BEING

There are at least two reasons why WRI should focus on children rather than adults. First, welfare was established 60 years ago to protect children; their mothers were not even covered originally. Over the years this distinction has been erased almost entirely. Our society considers children among the worthy poor who should be publicly protected since they have little control over their life circumstances (Garfinkel and McLanahan 1986). Second, children are much more vulnerable to unintended consequences of reform than their parents. We should assure that they do not suffer harsh consequences in our attempts to encourage their parents to be more self-reliant.

I use the following definition of social indicators: “quantitative descriptions of conditions that are intended to inform public opinion and national policymaking” (Duncan 1969). Indicators are to provide descriptions of conditions and trends to inform the public debate on issues. Indicators must not only track levels and trends, but capture the dynamic entrances into and exits from the conditions measured. Furthermore, for indicators to be helpful in
identifying alleged causes of problems and corrective actions, one must be able to determine their association, if any, to other factors that may contribute to the results measured. Finally, indicators must be appropriate for children of different ages and families in different circumstances.

On the other hand, indicators are not as robust measures of program initiatives as program evaluations. Indicators can tell us whether things seem to be getting better or worse and possibly provide clues of where to look for causes. They cannot tell us what might have happened in the absence of program treatments, as well-designed evaluations try to do. Collection and analyses of indicators allow one only to use primitive forms of comparisons, such as comparing results across states or looking at time trends. They do not provide evidence of what worked and what did not.

As a consequence, blindly following indicators can cause two types of errors—thinking a program is a success when other factors really are driving positive results or considering it a failure when the situation would have been even worse in the absence of the program. This does not mean we should forsake indicators and focus our attention on program evaluations of TANF. Many of the principles of program evaluation, particularly random assignment experiments, will not be present as states move to implement it. Therefore, data will be needed on many aspects of low-income children and their families in order to better understand implications of welfare reform. The indicators suggested in this article may help fulfill our needs.

The last few years have given rise to a growing recognition that we need to improve our statistical data on children. HHS and the Interagency Forum on Children and Families, Child Trends, the Institute for Research on Poverty and The Annie E. Casey Foundation have engaged in activities to improve national and state indicators of child well-being (Prosser and Stagner 1995). In November 1994, these groups hosted a conference where scholars presented papers on a number of child well-being domains. The conference was an attempt to look at what was currently possible to measure, given national and state statistical systems, and what might be desirable to measure if statistical agencies improved their data gathering and reporting (IRP Special Report 1995). The conference also encouraged and facilitated the HHS Trends Report (US Department of Health and Human Services 1996.)

These materials have been used to arrive at a set of guiding principles. A set of indicators to measure the conditions of children whose parents are responding to welfare reform should be: comprehensive; clear and reflective of social goals; subject to a common interpretation; scientifically sound and a direct measure of child well-being (Moore 1995, Prosser and Stagner 1995, and Haveman 1995).

There are, though, some issues that raise questions. For example, who gathers the data? Can we rely on data about services to children? Or, must we also monitor child well-being more directly? If we are going to measure the progress of welfare reform, we will need unbiased, reliable data. As previously stated, Congress has appropriated funds for the Bureau of Census to gather survey data on welfare reform. States also must submit administrative data to HHS. Both sources have their strengths and problems.

The Census Bureau is known for its scientific rigor and unbiased professionalism. On the other hand, the mechanism that they propose to use—a modified version of the longitudinal Survey of Income and Program Participation (SIPP)—will not provide many state-specific indicators (Brown 1995). The sample sizes
for surveys such as SIPP are large enough to make reliable national estimates but insufficient to make reliable state estimates except for the largest states. In addition, Census reports seldom provide sub-national comparisons by grouping states with similar characteristics.4

Traditionally, the Census Bureau has failed to ask new survey questions about controversial issues. SIPP is good at gathering information about current program participation, income, employment and demographic characteristics of household members. It typically does not ask questions about criminal behavior, family violence, fertility and abortion, some of which might be appropriate for WRI. In addition, household survey data have little information about the administrative systems that the welfare recipients are engaged in. This is a serious limitation when we try to identify what is and is not working.5

States, on the other hand, collect data on their clients. They also have data on their administrative systems, although the two often are not linked as well as one would like. State administrative data seldom have information about people who might be eligible but not participating or other low-income people indirectly affected by welfare. Even more troubling, states may be financially affected by the data reported. TANF is unique in that it provides significant positive financial incentives ($200 million per year) to be divided among the top states attaining TANF goals (PL 104-193, Sec. 403(a)(4)). As a result, states could have a financial incentive to provide biased numbers.

In the past, these federal statutes have used positive incentives less often than sanctions for non-compliance. The inter-governmental dynamics of bonuses, however, are very different than sanctions. These bonuses will result in a new relationship between HHS and the states that may be both unique and dysfunctional. When states are in competition for bonuses, they will have more interest in assuring that all states are playing on a level playing field. On the other hand, we should remain vigilant for administrative problems driven by financial incentives.

In addition to who reports the data, we must also consider the type of data collected. It is advisable to rely most heavily on indicators that measure personal well-being directly—for example, education level, employment and immunization—rather than service systems’ responses to problems (such as arrests, children in foster care and authenticated cases of child abuse). System response variables may be valuable proxies for child well-being indicators, but they also may have serious limitations. They measure whether the system responds to problems, not whether children and their families have problems. For example, the number of children in foster care is taken as an indicator of negative parenting. Unfortunately, many children who should be in foster care are not placed there because of budgetary or other factors unrelated to actual child well-being. We also know there may be almost as many children who are in foster care who need not be. In this case the errors may off-set each other, but the true state of children still is not well-measured (Prosser and Stagner 1995).

In the next section, I try to take these principles and potential data problems into account in recommending a set of indicators that we might use to follow the progress of welfare reform.

SELECTING WELFARE REFORM INDICATORS

This discussion primarily applies to the selection of a set of national indicators. Although the statute requires a great deal of state-reported administrative data, the major vehicle for assessing national welfare reform progress will probably be
survey data from the Bureau of Census, since few states have surveys analogous to national Census data. Furthermore, since the statute encourages variety in state welfare programs, individual states may have different priorities created by their own statutes. We must recognize that individual states and local jurisdictions will have differences in approach and priorities. State and local groups will need to tailor their report cards to local conditions, which may make understanding national trends even more difficult.

The statute provides a number of clues about what the Congress thinks is important to monitor in the reports it requires from the States and the Secretary of HHS. For example, it requires states to report disaggregated case record information, the number of participants and hours per week participated in work activities and reasons for closed cases (PL 104-193, Sec. 411(a)). It requires the Secretary to make annual reports on whether the states are meeting participation requirements and the goals as well as characteristics of participating families and State programs (PL 104-193, Sec 411(b)).

In addition to TANF's goals, WRI need to address charges by the statute's opponents concerning its alleged unintended consequences. The central charge is that child poverty will increase significantly. Further, the increase will be disproportional for certain groups: immigrants, disabled children and children whose parents fail to meet employment requirements within the specified time limits (Super 1996). Opponents believe that negative effects will be exacerbated during economic downturns. They also argue that states will be encouraged to reduce benefits in order to discourage migration of low-income families from low to high-benefit states. They predict that the nutrition of many low-income children will be adversely affected by cuts in Food Stamps, the Women, Infant, and Children Program and related nutrition programs.

The remainder of this section discusses individual indicators which might be used to track welfare reform. The list is subdivided into a comprehensive set of major domains: economic security, case load dynamics, health security, education, population and family, and social development and behavior. Some of the specific indicators, such as fertility, could be listed in more than one domain. A complete list of all potential WRI are included in Table 1.

**Economic Security**

This is a central theme of welfare reform. It should not be forgotten, though, that parental income and labor force participation are only proxies for the resources available to children. They are indirect measures of child well-being, unlike child nutrition or the completion of high school.

There are a number of problems associated with measuring the poverty level. Measuring poverty, whether in a cross-section or a longitudinal study, requires measuring a dynamic process for a very heterogeneous population (Duncan 1995). Many families go into poverty for a relatively short period of time while others stay much longer. As a consequence, we must have dynamic measures of child poverty that capture both short and long-run episodes.

Child poverty and extreme poverty are usually measured by family income over an annual period. Duncan (1995) argues that for short-run measures, monthly poverty rates averaged over a year are more valid measures of poverty than Census reported poverty rates calculated on the basis of annual income. For example, a child could be poor for a number of months during the year and a single large one-time payment may be enough to put the child's family above
the annual poverty line.

Duncan notes that poverty has a more detrimental impact on young children than older children; therefore, I suggest we monitor the poverty level for children less than six. Duncan also supports the recommendation of Gottschalk and Moffitt (1994) that another valuable measure of child poverty is the percentage of children who spend a substantial proportion of time in poverty more than one year.

I include a measure of extreme poverty because opponents of the statute believe that these families will be disproportionately affected by welfare reform. I also suggest using an expanded definition of after-tax, disposable income, including in-kind benefits like Food Stamps and housing benefits, much like the experimental poverty measures currently published by the Census Bureau.

Mayer (1995) suggests that consumption measures may be better indicators of resources available to children than direct measures of income because the former may measure a more stable, permanent income. One could use the proportion of consumption expenditures spent on food—generally the higher the proportion, the poorer the family.

The National Academy of Science committee studying the calculation of the poverty line recommends that any new measure of poverty be based on a calculation of the minimum necessary expenditure on clothing, shelter, food and “a little bit more,” adjusted for family size (Citro and Michael 1995). It is important to note, however, that national measures of consumption are not as frequently available as income measures. State-level consumption measures do not exist. Census and the Department of Agriculture are currently experimenting with survey questions that try to get at the adequacy of income to purchase sufficient food.

It is also important to keep an eye on the non-custodial parent side of the welfare dependency equation. The paternity and child support provisions of the welfare reform statute enjoy broad support across the political spectrum. A measure of the proportion of children whose non-custodial parents are paying child support seems an appropriate indicator, even though it too is only an indirect measure of child well-being. It may indicate that even though there was no marriage or the marriage is broken, both parents are trying to provide for the children.

The statute requires the Secretary of HHS to score states on the proportion of needy families that participate in TANF and have entered employment. In addition, the Secretary is to score state performance on reducing recidivism to TANF programs, increasing the average earnings of TANF recipients and reducing the percentage of children whose parents participate in TANF. States with the five highest scores or five greatest improvements in any of the four categories will have their matching rates reduced (PL 104-193, Sec. 409(a)(7)(C)). These four indicators provide examples of problems that await HHS in administering the statute. The Census Bureau can provide good national data on each of the indicators, but it cannot provide state specific data. States will therefore have to provide the data for scoring. Because of the financial bonuses that the statute authorizes, states may be encouraged to provide biased information. Furthermore, states often have difficulty providing reliable data on why recipients leave the welfare rolls. Participating families often simply stop filing applications. It takes extra state efforts to accurately determine the causes of their departures.

Duncan (1995) suggests that it is important to track both entries into and exits from poverty. He believes this is helpful in understanding the dynamics
Table 1: Potential Welfare Reform Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sources of Concept</th>
<th>Sources of Data</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Security</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Child Poverty (<em>under age six</em>)</td>
<td>S, I, C, O</td>
<td>C, St Fab-Five</td>
<td></td>
</tr>
<tr>
<td>(2) Extreme Poverty (&lt; 50% pov.)</td>
<td>O</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>(3) Adequacy of clothing, food and shelter</td>
<td>I, C</td>
<td>C (?)</td>
<td>Census will probably have difficulty providing these data.</td>
</tr>
<tr>
<td>(4) Noncustodial parents paying child support</td>
<td>S</td>
<td>C, St</td>
<td>Fab-Five Bench</td>
</tr>
<tr>
<td>(5) Increased earnings and employment of TANF families</td>
<td>S</td>
<td>C, St (?)</td>
<td>Bias because of bonus?</td>
</tr>
<tr>
<td>(6) Proportion of income from welfare, over long-term (e.g., 4 or 5 years)</td>
<td>I, C</td>
<td>C</td>
<td>Fab-Five Bench</td>
</tr>
<tr>
<td>(7) Proportion of children entering and exiting poverty, by reason</td>
<td>I, C</td>
<td>C, St</td>
<td>Fab-Five</td>
</tr>
<tr>
<td>(8) Proportion of time in poverty over long-term</td>
<td>I, C</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>(9) Unemployment rate of unmarried women with children (fatherless families)</td>
<td>P</td>
<td>C</td>
<td>My personal suggestion</td>
</tr>
<tr>
<td><strong>Case Load Levels and Dynamics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Percent of case load participating in acceptable activities</td>
<td>S</td>
<td>C (?) , St (?)</td>
<td>Census may have difficulty with all activities. States may have bonus bias.</td>
</tr>
<tr>
<td>(2) Children whose parents have been on welfare &gt; 24 months (any spell, &gt; 60 months (lifetime)</td>
<td>S, I, C</td>
<td>C, St</td>
<td>Keeping track of lifetime participation will be very difficult.</td>
</tr>
<tr>
<td>(3) Reasons for leaving welfare</td>
<td>S</td>
<td>C, St</td>
<td>Fab-Five</td>
</tr>
<tr>
<td>(4) Inter-generational welfare receipt</td>
<td>I, C</td>
<td>C (?)</td>
<td>Census might have difficulty with this.</td>
</tr>
<tr>
<td><strong>Health Security</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Children covered by health insurance</td>
<td>S</td>
<td>C</td>
<td>Fab-Five Bench</td>
</tr>
<tr>
<td>(2) Low-birth-weight children</td>
<td>S, I, C</td>
<td>V</td>
<td></td>
</tr>
<tr>
<td>(3) Immunized children</td>
<td>S, I, C</td>
<td>NCHS</td>
<td>Census and the Department of Agriculture are experimenting with measures of food adequacy.</td>
</tr>
<tr>
<td>(4) Undernourished children</td>
<td>O</td>
<td>C (?)</td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) 15-17 year-olds in school</td>
<td>S</td>
<td>C (?)</td>
<td></td>
</tr>
<tr>
<td>(2) 21 and 22 year-olds who have completed grade 12</td>
<td>I, C</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>(3) 16-19 year-olds that are idle (not in school, working or in military)</td>
<td>I, C</td>
<td>C (?)</td>
<td></td>
</tr>
<tr>
<td>(4) Parents reading to young children</td>
<td>I, C</td>
<td>C (?)</td>
<td></td>
</tr>
</tbody>
</table>
### Table 1: Potential Welfare Reform Indicators (Continued)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sources of Concept</th>
<th>Sources of Data</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population and Family</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Out-of-Wedlock Birth Rates</td>
<td>S</td>
<td>V(?), C(?)</td>
<td>Fab-Five. State-level data will be difficult to attain.</td>
</tr>
<tr>
<td>(2) Abortions</td>
<td>S,O</td>
<td>St(?)</td>
<td>Significant problems obtaining this.</td>
</tr>
<tr>
<td>(3) First births to unmarried women, &lt;12 years of schooling and &lt;20</td>
<td>I,C</td>
<td>C(?)</td>
<td>Fab-Five. If Census or Vital Statistics cannot provide this, it should not be Fab-Five.</td>
</tr>
<tr>
<td>(4) Unmarried, minor parents living with parent or guardian</td>
<td>S</td>
<td>C(?)</td>
<td>Census should be able to capture this, but it may be difficult.</td>
</tr>
<tr>
<td>(5) Noncustodial parents participating in</td>
<td>S</td>
<td>St</td>
<td>Keep track of self-sufficiency activities of unwed fathers who are accepting some responsibility for their children.</td>
</tr>
<tr>
<td>(6) Migration of welfare recipients to higher benefit states</td>
<td>P</td>
<td>C(?)</td>
<td>Census should be able to capture this.</td>
</tr>
<tr>
<td><strong>Social Development and Behavior</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Violent juvenile crime</td>
<td>S</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>(2) Drug-related offenses</td>
<td>S</td>
<td>F</td>
<td></td>
</tr>
<tr>
<td>(3) Pre-school children in early intervention programs</td>
<td>I,C</td>
<td>C</td>
<td>Fab-Five Bench</td>
</tr>
<tr>
<td>(4) Latch-key children</td>
<td>I,C</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>(5) Proportion of low income parents paying for child care or proportion of income spent on child care</td>
<td>I,C</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>(6) Proportion of children in foster care</td>
<td>P</td>
<td>C,St</td>
<td>Fab-Five Bench</td>
</tr>
</tbody>
</table>

**Sources of Concept**
- S Statute
- I Indicators
- C Conference Papers
- O Opponents
- P Personal Judgment

**Sources of Data**
- C Census
- S States
- V Vital Statistics
- NCHS National Center for Health Statistics
- C Center for Disease Control
- F FBI

**Comments**
- Fab-Five: My top five priority indicators
- Fab-Five Bench: Next five priority indicators
of the average monthly poverty rates. Comparing the poverty rates year to year does not tell much about the dynamics of how many families entered poverty, how many continued to have incomes below the poverty line and how many left. We should track children who move in and out of poverty and those who are unable to escape. Opponents of TANF argue it will increase child poverty; thus, we should monitor reasons for entry. Proponents believe it will encourage marriage and discourage out-of-wedlock childbearing and thus reduce child poverty. Thus, we should also monitor exit reasons.

In addition, I suggest that the unemployment rate of single parents be measured. It is appropriate to look at unemployment of those most affected by TANF—single mothers with children—rather than looking at the gross level of unemployment. Opponents argue that there are a very limited number of jobs available for low skilled workers. Under time limits, if a former welfare program participant obtains a low skilled job, another low skilled person will be pushed back in the unemployment queue.

**Case Load Levels and Dynamics**

Case Load dynamics are closely related to income security. Many arguments made for welfare reform are associated with welfare dependency—people making welfare a way of life (PL 104-193, Sec. 101). Many conservatives, like Charles Murray (1984), are concerned that welfare has a negative incentive effect on pro-social behaviors, such as work and family formation. In fact, welfare reform supporters may have been more worried about dependency and its negative family consequences than the adequacy of income of families leaving welfare.

Research on incentive effects of welfare is inconclusive. One of the most thorough reviews of this literature by Moffitt (1992) concludes that economic theory and empirical evidence generally support the claims of welfare reform proponents. The amount of the effect, though, is probably small compared to the many other factors also associated with single-mothers' labor force and welfare participation.

Proponents of the statute and Duncan (1995) agree that short-run indicators of welfare dependence should include the percent of children using welfare programs (PL 104-193, Sec. 409(a)(7)(C)). Nationally, this would be based on Census data and would compute the average monthly use of the major welfare programs—TANF, Food Stamps and SSI. States also will be providing HHS with quarterly TANF data for compliance and scoring purposes. This indicator has serious problems. In addition to the data reliability issues posed by the potential bonus discussed earlier, it measures a system response variable which may not tell us about child well-being. All that a state needs to do to improve this indicator is to cut eligibility requirements, benefit levels or both. One way to improve the indicator is to base it on the ratio of annual proportions of TANF children within the state. The best states, those with declining ratios, would be selected contingent upon stable or decreasing child poverty rates.

It is often very important to look at several indicators together. For example, if poverty rates stay the same or decline, then declining welfare program participation rates may be indicative of progress. If the poverty rate is increasing while the economy is stagnant or growing, then a declining participation rate may not be a positive indicator of child well-being. TANF proponents will counter, though, that the long-term negative effects of dependency outweigh the importance of the short-term poverty measure. Seldom can single indicators paint a very telling story. We must look at trends, context...
and the relationships among various potential explanatory variables to better understand what these indicators are telling us.

States have significant obligations to assure that participants are engaged in acceptable work activities, such as employment, education, training and community service activities. This indicator tells us how well states are doing in promoting the objectives of TANF but does not give us insight into the welfare of children or their parents. This indicator, or a census generated proxy, will provide a gross national quality assurance measure to verify whether the aggregated state reports appear valid. It may be difficult, however, to precisely define “participation” in a way that is reliable across time, states and data sources.

It is important to calculate the rate that TANF recipients leave the program (PL 104-193, Sec. 411(a)) by major reasons for leaving. The major reasons listed in the statute are employment, marriage, violation of prohibitions, sanctions and state policy. Work will be needed to assure that Census questions can identify all these factors. Analysis of reasons for leaving and the trends in exit rates should give us a better indication of how well the statute is working and whether children are benefiting from the departure from welfare.

We should calculate the proportion of participants who are on welfare more than 24 months as well as the percent of families ever on welfare for more than 60 months or those on for 60 months consecutively (Duncan 1995). States will have data on the first measure but probably not on the second. These two time periods coincide with the statutory requirement that recipients be engaged in acceptable activities after two years of receipt of welfare and that they not be eligible for more than five years of welfare in their lifetime (PL 104-193, Sec. 408(a)(7)). The latter measure presents significant problems. Data systems have difficulty keeping track of changing families and people moving among county or state jurisdictions.

The statute requires monitoring the average earnings of TANF participants (PL 104-193, Sec. 409(a)(7)(C)). This is more of an indicator about participation in employment activities and may not be as important to child well-being as looking at total family income or child poverty rates.

The statute also requests that HHS monitor the number of ex-participants returning to welfare within 18 months (PL 104-193, Sec. 409(a)(7)(C)). One might want to focus on the recidivism rates for participants who left welfare due to sanctions versus those who left due to employment.

Duncan (1995) also suggests looking at inter-generational use of welfare as a significant indicator that should be used to measure child well-being. This also presents data problems which will need to be overcome. While this indicator is neglected in the statute, it seems to be one about which welfare reform proponents would be concerned. This indicator has little utility except over an extended time period. While it may not have much value now, we might want to start the data work necessary to establish baseline comparisons that might prove useful in the next 10 or 20 years.

Previously, I mentioned that subgroup analysis of WRI indicators would be important. This is particularly true of case load dynamics. There are particular groups of people listed in the statute who are made ineligible by the new law under certain conditions, like parents who are minors not attending school (PL 104-193, Sec. 408). Certain participants will be sanctioned for under-performing. Other people will be excused from the provisions under certain conditions. It will be an important task for Census and
the states to try to provide useful data on these groups and to detect if any particular children are unintentionally being put at risk. If these sub-group reports are done creatively, it may help national and state leaders identify what is working or at least areas that need more investigation to determine successes and failures. Furthermore, some subgroups may serve as comparisons similar to what would have happened to welfare recipients in the absence of TANF.7

Health Security

The implementation of TANF can result in ineligibility for Medicaid. Therefore, I have included children covered by health insurance. One advantage of this indicator is that Census currently tracks and can therefore provide historical time trends that might put TANF influence on health coverage in proper perspective. On the other hand, lack of insurance coverage is not a valid measure of child health well-being. Immunized children is an indicator that applies across a wide age spectrum of children—from infancy to adolescence. Furthermore, it relates to parent intentions and capabilities. HHS is now annually fielding a National Immunization Survey.

Lantz and Partin (1995), in their review of prenatal and infant indicators focus on infant mortality rates, low birth weight babies and prenatal care utilization. Infant mortality may be a better overall indicator of the efficacy of the nation’s health system, but hardly seems central to TANF. Low birth weight seems to be the best choice of the three. It is a direct child measure and an indicator of nutrition and health services. Thus, it may be related to losing access to Medicaid. Furthermore, low-birth-weight children are prone to chronic problems which may influence parents’ work activities. Utilization of prenatal care might be another useful indicator, but it is a system indicator rather than a direct child well-being measure.

Finally, I have included undernourished children because of welfare reform opponent concerns about Food Stamps changes. It may be difficult to develop a reliable annual measure of this; however, the Census Bureau and Department of Agriculture are experimenting with obtaining data on whether families have gone hungry due to a lack of sufficient funds. The absence of historical pre-TANF data may marginalize its utility until a sufficient time series is developed.

Education

Compared to health security, education is more central to TANF. Low educational achievement is highly associated with welfare receipt, welfare dependency, poverty and an inability to obtain a job or reasonably adequate wages. School participation is mandatory for both mothers and dependent children who have not completed high school or obtained an equivalency certificate (PL 104-193, Sec.408(a)(8)). Participation in appropriate educational activities is considered an acceptable work activity.

The statute alleges that growing up in a single parent family is associated with not finishing high school and low school performance (PL 104-193, Sec. 101). Welfare participation is positively linked to both out-of-wedlock child bearing and failure to complete high school (Klepinger et al. 1995). Although TANF might influence school completion or child bearing, it seems less likely that TANF will make a significant contribution to reducing the number of children who repeat a year in grade school or who are suspended from school. It might be more plausible that TANF recipients who participate in acceptable work activities will serve as positive role models for their children.

The statute clearly intends that children of high school age should be in school. Thus, number of 15-17 year olds
Ending Welfare as We Know It

in school, particularly TANF or low-income children, should be a Welfare Reform Indicator. Hauser (1995) has an extensive discourse on how to measure high school completion. He points out an important distinction between falling behind one's peers and dropping out of school. Many youth complete high school or obtain general equivalency diploma (GED) certificates after the normal age of graduation. He recommends looking at the high school completion rate for 21 and 22 year olds. One problem with this measure in the short run is its untimeliness. It will take several years before TANF can possibly influence this indicator. I have also included an indicator of 16 to 19 year olds who are idle (not in school, working, or in the military). The statute is clearly aimed at reducing this indicator. However, it is not an element explicitly required by national or state reporting.

Census tested a series of more child-focused questions in their SIPP surveys. One question about whether parents are reading to their young children could be a potentially positive indicator of the influence of TANF. Phillips and Love (1995, 10) state, "Children's pre-literacy interactions in the home have been found repeatedly to differentiate children who are readily able to acquire age-appropriate information at school entry from those who are not." The Department of Education also may have data on this indicator.

Population and Family

That a set of indicators about welfare reform must include a measure of out-of-wedlock child births should be unquestionable. A major reason for TANF is the belief that welfare contributes to out-of-wedlock child bearing. The evidence supporting this perspective is controversial, conflicting, and subject to many significant statistical modeling problems. The bulk of evidence does seem to support the contention that welfare is one of many factors contributing to this problem (Moffitt 1992).

The measure most likely to be used is the ratio of out-of-wedlock births to total births statewide. Historically, the illegitimacy ratio has increased for two reasons: (1) the number of women of child bearing age who are married has been declining; and (2) fertility rates for married women have declined. It is interesting to note that the increase in the illegitimacy ratio is not due to increased fertility rates of unmarried women (Weaver and Dickens 1995). A state's ratio will improve if more married women start having children. Proponents of TANF may hope that the statute encourages marriages rather than having children out-of-wedlock, but it is not clear that increased fertility of married women is a central intent of TANF. A way to focus the indicator on out-of-wedlock births is to compute the state ratio of annual out-of-wedlock births per women of childbearing age (15-44) from one year to the previous year.

This variable may have to rely on state-provided data from the Vital Statistics records maintained by hospitals. The National Center for Health Statistics (NCHS) spends a great deal of effort ensuring that birth records are accurate so that reports are not biased. Currently five states (including California) do not record marital status on the birth records. Unless states change these practices, they may be unable to receive financial incentives for lowering out-of-wedlock births. Furthermore, this inconsistency may make it difficult to make future comparisons across states.

Rate of abortions is another key indicator. The statute provides incentives to lower such rates (PL 104-193, Sec 404(a)(2)). On the other hand, opponents of the bill argue that some of the provisions, like the family cap, will unintentionally increase abortions. Abor-
tion data present more significant problems than do birth data. Abortions in public facilities are well recorded in Vital Statistics records. Data gathered in private abortion facilities, where the majority of abortions occur, are much less reliable and timely. Currently, there is a significant time lag in reports—sometimes up to two years. The Center for Disease Control has responsibility for assuring the release of these data. They rely on data from State public health agencies and sampling surveys by the Alan Guttmacher Institute. It is uncertain whether HHS will rely on a private agency to provide data that must be used to rank states or pay them financial incentives. Unfortunately, only about 40 states record important data on woman receiving the procedure.

Zill (1994) suggests another way of focusing on the association among participation in welfare programs, poverty and illegitimacy. He observes that the children most at risk of poverty are those who are first births to unmarried women under the age of 20 who have not completed high school. This indicator is a select subset of the broader indicator of out-of-wedlock births. It also is a much smaller and more difficult data element to monitor on a state-by-state basis. Census data can provide national year-to-year estimates, while birth certificate records also are a potential source of state-level data. NCHS has been working with states to improve the reliability of data on birth certificates in addition to addressing illegitimate births. The statute also requires minor mother TANF participants to live with their parents or an appropriate adult guardian, (PL 104-193, Sec.408(a)(6)). We should thus monitor this indicator.

Recently, welfare reform has focused on getting the non-custodial father to accept paternity and pay child support; however, the welfare debate has overlooked employment and self-sufficiency issues facing men. Unfortunately, state efforts to help with training, education and job searches have been sparse. The statute at least recognizes that more should be done, even if it does not provide funds to do it. Section 407 says "States should require noncustodial parents who have not attained 18 years of age to fulfill community work obligations, and attend appropriate parenting or money management classes after school." States are required to report the number of non-custodial parent participating in accepted activities (PL 104-193, Sec.411(a)(4)). Census may have a difficult time identifying such people. While they do ask questions of noncustodial parents, they do not inquire about accepted work activities. Of course, any effort to get fathers more involved would benefit children’s well being.

Migration of welfare recipients to high benefit states is often a "hot button" issue in states like California, Minnesota and Wisconsin. However, evidence that this is a significant problem is thin (Moffitt 1992). The statute allows a receiving state to apply the rules of the state from which the applicant has come if she migrated in the last 12 months (PL104-193, Sec. 404(c)). Census surveys should be able to capture the movement of these migrants.

Social Development and Behavior

This last area is a catch-all category relating to behavior and development. The findings of the statute discuss negative behaviors associated with children of single parents, particularly children born out-of-wedlock (PL 104-193, Sec.101). I have discussed most of the negative consequences mentioned in other sections—low birth-weight children, expulsion or suspension from school and non-completion of high school. The statute mentions criminal behavior several times and associates it with neighborhoods with higher pro-
portions of single parent families.

I have included an indicator of violent juvenile crime. TANF is unlikely to have much effect on juvenile crime, but it might be worth at least tracking to see if any plausible association might be present. Also, we might measure adult crime since adults who are no longer eligible for welfare support due to various provisions, particularly the five-year time limit, might be driven to crime in order to support their families. A related indicator, which is discussed in the statute is drug-related crimes. The data for both indicators will have to come from the FBI. Unfortunately, these data will be arrests rather than crimes committed; which, as stated earlier, is a measure of system response rather than the underlying child well-being.

The bill anticipates more children being placed in child care because of the work provisions. One of the greatest concerns in child care is the safety and appropriate development of the child. As a consequence, I have decided to include it in this section. Phillips and Love (1995) looked at child care indicators and concluded that we do not have reliable national sources of child care quality measures. They suggest, however, that the SIPP/Survey of Program Dynamics child care modules will provide data on proportion of eligible preschool children in early intervention programs (Phillips and Love 1995). Given that many additional low-income children will need some form of child care, if their parents are required to participate in work activities, we might want to track whether resources are being used to get them into early intervention programs or whether it is being used to get them in any kind of care that meets state standards. Phillips and Love mention that child well-being is not differentiated by type of child care (center care, family day care or relative care). While early intervention programs like Head Start are more likely to be associated with centers, there are also intervention programs which use other types of child care. It appears that we would be better to monitor participation in early intervention than type of care. Obtaining reliable data may be a problem, since it is unclear how well Census Bureau questions elicit responses about whether children are attending early intervention programs.

In addition, SIPP has information on latch-key children. On the face of it, we probably should care about whether parents participating in TANF work activities are leaving their children alone to care for themselves. Most survey questions only elicit responses about whether a child is alone or in the care of an older sibling and do not provide detailed information about the frequency of time, the length of time, or the child's maturity.

It is not clear that there will be enough money to provide subsidies for low-income working families and also fund child care for TANF parents transitioning into the labor force. In recent years, many states have made difficult choices in allocating their limited budgets between these two groups. We know that many low-income families spend as much as a quarter of their family budget on child care. Phillips and Love (1995) suggest that proportion of family income spent on child care should be an indicator that we monitor. In connection with TANF it seems that it might be more appropriate to monitor proportion of low-income working families who are paying for child care. If the time series for these data indicate that the pattern of paying for child care is changing dramatically and may be associated with TANF, then we should look at the distribution of expenditures on child care.

Finally, I believe we should monitor the proportion of children in foster care.
It is plausible to predict that abuse on neglect of children will increase in low-income families who have reduced resources because of this statute. Furthermore, some states may have financial incentives to charge the costs of maintaining children (dependant on the state) to foster care rather than TANF. Since child abuse and neglect numbers are not very reliable nor comparable across states, it is better to monitor the number of children in foster care since these figures are related to federal financial participation.

**Conclusion**

In this article I have discussed the data that I believe should form the basis for an indicator. I have not specified in which instances ratios rather than raw numbers should be tracked. I believe that these important technical details can be worked out after the basic indicator specifications have been selected. Selection of key indicators of welfare reform success is a significant policy choice and must be the first item on our agenda.

We will have to overcome many data problems. If the economy weakens, not only will resources to educate and train TANF participants be limited, but resources to improve data processing and statistical systems will be even more scarce. Hopefully, with federal, state and private support, we will overcome many data reporting barriers and provide data on the well-being of low-income children and their parents.

I have discussed a number of potential indicators of well-being and recommended 33 that we might find useful in tracking the progress of welfare reform. More indicators could be proposed. On the other hand, budget considerations will probably necessitate parsimony. I now conclude with my "Fab-Five" indicators. In my opinion, these are the five most important indicators that I would follow, if I had to choose among the list in Table 1. I also have included a Fab-Five Bench, an additional five priority indicators. My fab-five indicators are: (1) child poverty; (2) children entering and exiting poverty, by reason; (3) children whose parents leave welfare, by reason; (4) first-births to unmarried teenage women, with less than 12 years of schooling; and (5) out-of-wedlock birth rates. The fab-five bench indicators are: (1) children whose parents are paying child support; (2) proportion of time in poverty over the last four (or five) years; (3) children covered by health insurance; (4) preschool age children in early intervention programs; and (5) children in foster care.

I have tried to select indicators related to the central themes of the statute and major concerns of its potential unintended consequences. On the one hand, I believe that following and analyzing a broad spectrum of indicators is a fruitful way to monitor TANF progress. The influences of this legislation will be broad-ranging, multi-dimensional, possibly profound and often subtle. On the other hand, trying to narrow the broader list serves as a way to encourage a discussion on what our priorities should be. The statute requires that the Secretary of HHS prepare a study and report to the Congress no later than September 30, 1998 on measures to evaluate success of States moving individuals out of welfare (PL104-193, Sec. 107). In response to an earlier statutory requirement, the Welfare Indicators Act of 1994, the Secretary of HHS is to develop indicators and predictors of dependence on various means-tested assistance programs. The department released its first interim report, *Indicators of Welfare Dependence and Well-Being*, which contains 43 indicators of family dependence and well-being and 12 indicators of child achievement and health. Their list and mine have some similarities and many differences. Hopefully, this article will
complement that report, help inform the public debate on this important social issue and encourage a better system to monitor our nation’s responses to welfare dependency and child poverty.

Notes

1 The statute has nine other titles affecting Supplemental Security Income, Child Support, Benefits to Aliens, Reductions in Federal Government Positions, Public Housing, Child Protection, Child Care, Child Nutrition and Food Stamps. In this article I focus on TANF because it replaces the AFDC program, which most people identify with welfare. Although the other programs also are critical to poor children and are part of their social safety net, they are beyond the scope of this article.

2 The Institute for Research on Poverty hosted a conference in Madison, Wisconsin on November 21 and 22, 1996 to discuss how to evaluate state implementation of TANF and, in particular, the Wisconsin W-2 version. Papers from that conference detail the difficulties associated with evaluating this initiative. They discuss potential evaluation strategies and measures.

3 The Bureau of Census is planning to use a modified Survey of Income and Program Participation (SIPP) cohort to measure welfare reform. It is called the Survey of Program Dynamics (SPD.) The 1992 and 1993 cohorts were interviewed nine or ten times at four-month intervals through the end of 1994 and 1995, respectively. They will be interviewed again in 1997 and followed for at least four additional years.

4 I believe that the Census Bureau should try new ways of reporting their data to indicate differences among states that might be associated with child outcomes. It might be possible for the data to be aggregated and presented, for example, for states with high, medium, and low unemployment rates.

5 The Census Bureau could append state and county data to the SPD sample to enhance analysts’ ability to investigate which administrative practices seem to be bearing fruit.

6 The statute actually says, “Increasing the number (emphasis added) of families that received assistance under a State program funded under this part in the fiscal year, and that, during the fiscal year, become ineligible for such assistance as a result of unsubsidized employment.” I presume that this will either be changed or interpreted to mean “proportion” or California will have a significant advantage over Nevada, for example.

7 Establishing counterfactual groups for TANF will be an important issue that needs to be solved, if we are to understand its impact. Given the universal nature of TANF, it is unlikely that scientifically sound experimental designs will be implemented to investigate its most innovative provisions. Therefore, creating realistic comparisons will be necessary. Papers presented at the November IRP conference on evaluating TANF discussed alternatives to random assignment—pre and post and interstate comparisons—and their relative advantages and disadvantages.

8 Hauser also expresses concern about the validity of the “timely high school completion” indicator used in the Kids Count Data Book.

9 This statement is based on personal conversations with Child Trends staff.

10 This statement also is based on personal communication with Child Trends staff. Five states do not record abortions at all and five other states do not record age of the mother.

11 Child care is one of the few support services in the budget that receives discretionary funding increases. It is primarily a labor force issue for the parents and might therefore have been discussed in Economic Security.

12 For a contrary perspective on the relationship between type of child care and

I have borrowed this idea from Duncan (1995).

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William Prosser was until 1995 a Senior Policy Analyst in the Office of the Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services where he conducted research and policy analysis of various welfare, anti-poverty and human services programs for low income families. He worked on President Clinton's welfare reform and other anti-poverty proposals. Prosser is now an adjunct professor at the Georgetown Public Policy Institute.
Managing Urbanization in the International Policy Process: USAID's Approach in Latin America

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The purpose of this article is to underscore some of the emerging challenges that urbanization presents for international development agencies by addressing the US Agency for International Development's (USAID) experience in Latin American housing sector reform. The paper focuses on the emergence of urbanization management as a central tenet of USAID's present and future policy directives for Latin America. Examination of the historical role of USAID policy in Latin America, specifically the Housing Guaranty Program, indicates that its development assistance agenda has evolved from a concentration on housing-based policy to a much more comprehensive policy that targets urban infrastructure development, population issues and growth management, land-use planning, rural-urban linkages, public and private financing innovations, environmental management and economic investment vis-à-vis market encouragement.

USAID AT THE CLOSE OF THE TWENTIETH CENTURY

Urbanization management has become an international priority in the last decades of the twentieth century. Since urban growth rates are increasing most rapidly in the developing world, three and a half percent versus one percent in the more developed regions, urban problems there are often most severe and have the most far-reaching economic, social and environmental impacts (World Resources 1996-97). Poverty concentration in cities throughout the world has forced governments to reevaluate their policies toward urban management in general and basic service provision in particular. Thus, international development organizations, such as USAID, have also begun to reevaluate and reinvent themselves in order to more effectively support developing country governments in meeting the demands of urbanization.

In the postwar period, US development assistance programs were intended to restore the war-damaged economies of Europe and Japan and to resist the expansion of communism. Acting out of self-interest as well as for humanitarian motivations, the US targeted developing countries with policies that were intended to spur economic growth, in accordance with the belief that "poor nations make poor markets" (Gang and Lehman 1990, 726). In the late 1950s, the International Development Cooperation Agency and the Development Loan Fund were established to further these foreign assistance aims. The creation of USAID by President Kennedy in 1961 to consolidate the responsibilities of those agencies represented a "shift of emphasis from mutual security toward long-term development assistance for economic

growth. The intention was to promote self-sustaining growth and the transfer to developing nations the means to help themselves escape "the low-level poverty trap" (725).

Until the 1970s, the foreign assistance approach to developing countries was much like the policies aimed toward Japan and Germany: capital building that relied on "trickle-down" results. Theoretical justification for this approach stemmed from the belief that developing country growth was constrained by "insufficient investment activity," and foreign aid was seen as an instrument to supplement domestic savings. If administered extensively, the intended outcome of this assistance was a "takeoff" (a term coined in the early days of the space race) in domestic growth (725). However, this approach—using heavy initial investments to boost growth in a foreign economy—was ineffective in developing countries because many of them did not have self-sustaining economies or governmental capabilities that provide the mechanisms to manage long-term growth.

In 1973, Congress created the New Directions initiative which required USAID to change its foreign assistance efforts by focusing its attentions on the poorest residents of the developing nations through a basic needs approach. The New Directions mandate, which authorized the basic needs approach, implied a significant policy shift "from capital-intensive, technologically complex projects to labor-intensive, rural development of agriculture and light industry, along with provisions of services in education, nutrition, health care and family planning" (725).

In the 1990s, USAID has again been called upon to change its foreign assistance program in developing countries. Now, USAID must adapt its policies to meet the needs of developing countries that have experienced rapid economic growth, urbanization, governmental reform and widespread environmental deterioration. Many of these changes have occurred simultaneously and are concentrated in urban environments; USAID's foreign assistance program has had to adapt in order to address problems across diverse sectors. To assess USAID's recent shift in mission scope and its resultant organizational policy changes, this paper will focus on the history of USAID in Latin America through a discussion of (1) its largest and longest-standing loan and credit program, the Housing Guaranty Program and (2) examples of its new urban management initiatives.

USAID HISTORICAL PROFILE AND POLICY OBJECTIVES

USAID was established by the US Foreign Assistance Act in 1961. As a fundamental agency of US foreign policy, USAID is intended to: "[administer] economic assistance programs that combine an American tradition of international concern and generosity with active promotion of US foreign policy interests. It assists developing countries to foster open markets and individual initiative in order to improve the quality of human life and to expand the range of individual opportunities by reducing poverty, ignorance, and malnutrition" (Annual Report 1993, 1). As with other international development organizations such as the World Bank and the United Nations Development Programme, USAID is being asked to prove its relevance and viability in a more globally integrated world. Recent budget cuts and future prospects of further reductions, along with the proposal to subsume USAID into the State Department, have forced USAID to reevaluate its programs and their effectiveness. New policy approaches, such as the emerging urbanization management strategies for Latin
USAID’s attempt to refine, prioritize and financially constrain its policy agenda. USAID has faced increasing criticism in recent years; its relevance as the appropriate vehicle for international policy is often questioned in contemporary budget deliberations, which has resulted in intense media scrutiny. For example, a 1993 *Foreign Affairs* article proposed its abolishment: “After 45 years, America’s foreign bilateral assistance program lies dead in the water. Its principal flagship, the United States Agency for Intranational Development, has become a dispirited bureaucracy lacking leadership, resources and rationale. Rather than burden USAID with yet more policy reversals and program redirections—as happened after each pivotal change in electoral politics during the last thirty years—the best approach the Clinton administration can take is to scuttle America’s bilateral aid program and begin anew with a concise, clearly defined initiative to promote environmentally sound forms of economic growth” (Clad and Stone 1993, 196).

Despite such criticisms, Congress has not yet proposed a large-scale alternative to USAID, but instead has continued with a prescription for fiscal overhaul, thus forcing a reduction in its size or a decrease in its administrative budget.

**HISTORY OF THE HOUSING GUARANTEE PROGRAM**

USAID’s Office of Environment and Urban Programs (formerly the Office of Housing and Urban Programs) has overseen the implementation of the Housing Guaranty (HG) Program and its loan agreements since 1963. The HG Program was established by Section 244 of the Foreign Assistance Act of 1961, secures funds from the US private sector to provide long-term financing for low-income shelter and urban upgrading programs in developing countries. The US government underwrites with a “full faith and credit guaranty” (USAID 1995, 2). The Office of Environment and Urban Programs administers USAID missions in developing countries through its Regional Housing and Urban Development Offices (RHUDOs) and by supporting local Mission Housing Officers. These programs operate in Latin America, the Caribbean, Asia, Africa, the Near East, Eastern Europe and the New Independent States of the former Soviet Union.

The HG Program is one of USAID’s few credit programs. The program is loan-based and involves direct transactions between lending institutions in the United States and organizations (primarily governments, but increasingly private companies and nongovernmental organizations [NGOs]) in recipient countries. Because the US government guarantees repayment of the housing guarantee loans, US lenders are willing to offer reduced interest rates. No US taxpayer dollars are used for the loans; each loan is strictly a USAID-managed transaction between the recipient country and lender institution. However, part of USAID’s budget is allocated for the credit guaranty of the housing guarantee loans.

According to Jack Gisinger, Housing and Development Officer for Latin America at USAID’s Office of Environment and Urban Programs, the Housing Guaranty Program was designed to gradually allow a transfer of project ownership as governments facilitated public-private partnerships and became more capable of managing housing contracting and financing themselves: “USAID is not so much concerned with building houses as with establishing some viable mortgage system of long-term financing. ...governments must be able to provide land, legal infrastructures, and the policy framework
for a national mortgage system, not necessarily concern themselves with the building of houses" (Gisinger 1995).

Mr. Gisinger also indicated that there have been few defaults on HG Program loans because USAID places credit conditions (e.g., a pre-approved cost-recovery plan that articulates each country's ability to pay back loans expeditiously) upon countries that wish to be included in the HG Program.

A US General Accounting Office (GAO) Report was commissioned in response to a request by US Representative Toby Roth, (R-WI), Chairman of the Subcommittee on International and Economic Policy and Trade, to examine the HG Program's evolution, financial condition and impact. The report, Foreign Housing Guaranty Program: Financial Condition Is Poor and Goals Are Not Achieved, concluded that USAID has had and will continue to have difficulty in managing a large number of loan defaults: "...[t]he amount of debt that defaulted borrowers owe USAID has been escalating in recent years. . . . Based on . . . USAID's portfolio of rescheduled debt. . . . USAID can ultimately expect to recover only about one-half of this debt. . . . the probability of default for most of the Latin American countries with the greatest Housing Guaranty Program debt, despite recent economic improvements, still exceeded 50 percent" (GAO 1995, 3).

The main conclusions of the report suggest that the program is eligible for elimination by Congress or, if maintained, must undergo substantial changes to "strengthen [its] financial condition . . . and improve its management" (GAO 1995, 1).

Congress has appeared reluctant to completely abolish USAID's Housing Guaranty Program. There are numerous factors that seem to have made its elimination unlikely: USAID has maintained a presence in Latin America (and other regions worldwide) through its HG Program for over three decades; the HG Program has demonstrated a willingness to undergo policy reforms when directed by Congress; HG Missions have developed an extensive network of foreign assistance contacts with governments, institutions and individuals in developing countries; and the HG Program provides a structural
basis for new missions in US foreign aid. To better understand the extent of USAID's involvement in developing countries through the HG Program, it is instructive to review the Program's policy process.

**POLICY PROCESS**

The Housing Guaranty Program is administered by the Regional Housing and Urban Development Offices (RHUDOs) that coordinate Program activities in each recipient country. USAID manages, implements and designs each mission through the following process: (1) Reaches an agreement with a developing country to build housing for its low-income residents; (2) Establishes mutually agreeable loan standards and long-term financing; (3) Negotiates with each recipient country to determine a cost-recovery plan (country must articulate a long-term budget for managing the project costs and repayment schedule); (4) Seeks compatible lending institutions in the US money markets and solicits contract proposals; and (5) Helps design and contract the housing models that meet building standards, be replicable and be affordable for low-income residents.

While USAID has not yet conducted a formal evaluation of the entire Housing Guaranty Program, individual project evaluations are required. As an aid to project managers and decisionmakers in evaluating project impacts, a set of housing and urban development indicators are used. Specific project officers choose indicators that "correspond to the foci of each HG project and use them to help monitor relevant sectoral conditions" (Kehew 1994, 1).

From these individual evaluation reports that use indicators such as infrastructure expenditures per capita and house price to income ratios, RHUDOs have compiled regional summary evaluations. The individual evaluations, completed at the midterm and final points of each project, are conducted by teams of external contractors. USAID employees that are not directly involved with the project being examined also participate in the evaluations. Formal audits of the Housing Guaranty Program and its mission projects are conducted by the US Office of Management and Budget (OMB). OMB assesses the financial condition of the overall program to determine whether funds are properly channeled. The Office of the Inspector General also conducts audits of USAID programs in the form of performance evaluations to determine whether the allocation of funds are achieving the intended results. Based upon the recommendations of OMB, the Administration and Congress deliberate the funding status of USAID; formal evaluations conducted by the GAO and other external consultants provide additional grounds for assessment.

USAID's history in housing sector reform in Central America provides an example of its changing approach to urban development policy. The HG Program policy has evolved through five distinct stages: the Builder-Developer Period (1961-1965); the Savings and Loan Period (1965-1972); the Basic Human Needs Period (1973-1980); the Public-Private Partnership Period (1981-1989); and the New Urban Challenges Period (1990s) (USAID 1995, 2-8). Each period is distinguished by a shift in USAID's program focus: initially to address loan setups and eventually to encompass the more sophisticated legal and financial investment needs that arose as the program matured. The Housing Guaranty Program has had a particularly long and extensive presence in the region. The program has provided $397.1 million in HG loan guaranties and over $252 million in grant resources to finance and support over 50 housing programs.
that have benefitted more than 142,000 families from 1963 to 1992.

**Builder-Developer Period**
(1961-1965)

The original purpose of the HG Program was to develop pilot and demonstration housing projects in Latin America. Throughout this period, US builders were brought in as advisors to share technical assistance and technology transfer-in-application. HG projects during this period involved the US Federal Housing Administration (FHA) and US builder-developers in the construction of single family homes for middle-income families. Contracted by USAID, FHA approved the housing project plans. Most of the 3,000 housing units completed during this time were constructed by local builders who worked in conjunction with their US counterparts. The American Institute of Free Labor Development of the AFL-CIO used HG funds in its work to provide housing for members of Central American trade unions. At the end of the Builder-Developer Period, many technical, legal and administrative problems emerged that “pointed to the need to restructure the HG Program in order to better channel resources” such as seed capital and credit for long-term mortgages (USAID 1995, 4).

**Savings and Loan Period**
(1965-1972)

The HG Program expanded to incorporate institution-building elements that shifted the program focus toward housing finance through savings and loan institutions (S&Ls), provision of seed capital investments to support trade unions and credit cooperatives and long-term home mortgaging plans. US S&Ls became the major providers of US private financing in the 1970s. Homes for middle-income families were constructed primarily by host country builders. A large amount of HG resources were provided by the Central American Bank for Economic Integration. HG Program managers began to explore options to expand the financing and construction initiatives to accommodate lower-income families.

**Basic Human Needs Period**
(1973-1980)

The New Directions policy climate in the US resulted in amendments to the Foreign Assistance Act in 1973, 1975 and 1978. New HG Program components were designed to ameliorate problems of the urban poor: funds could be used for housing and related services such as electricity, water, sewage, slum upgrading and other physical improvements. Program focus shifted to community development and the provision of progressive shelter “solutions” in the form of smaller houses, sites and services; physical infrastructure; and lower-density site planning. During this period, HG Program managers realized the importance of incorporating private funding sources into their shelter program financing.

**Public-Private Partnership Period**
(1981-1989)

This period marked USAID’s increased reliance on individual initiative and the private sector within developing countries to provide housing construction and financing. Recipient country governments assumed the role of facilitator by providing infrastructures and a policy framework compatible with improvements in widespread shelter conditions. With the participation of private-sector developers and lenders, the HG Program moved from a project-focused strategy to a sector-lending strategy and encouraged the “reform of national policies and of institutions which provided shelter and urban services...by
tying HG disbursements more closely to policy and institutional accomplishments, rather than progress in implementing specific projects" (USAID 1995, 5-6). These changes were brought about by the difficulties Central American countries had in replicating projects of the previous decade because of policy and institutional constraints within the recipient country governments.

**New Urban Challenges Period (1990s)**

USAID has attempted to tailor the HG Program within individual countries and across dynamic regions. Recognizing that Central and South America are "quickly losing their traditional rural image, and no other area matches their fast pace of urbanization," USAID has moved to adapt its Housing Guaranty Program as a support structure for its future efforts in urbanization management in these regions (UNFPA 1987, 16). Over the past 34 years, the focus and geographic scope of the Housing Guaranty Program have changed significantly. The program focus has reached beyond home construction and mortgage financing to also include urban infrastructure financing and governmental policy reform (GAO 1995, 2).

For example, the Housing Guaranty Program has evolved from a foundation for new development strategies to a support mechanism (for grant programs) for regional objectives of USAID's new urbanization-management initiatives. Specifically, USAID's mission objectives in Central America through this program have broadened to address urbanization issues in the region.

Since the availability of land and essential services constitutes the heart of the shelter problem in developing countries, municipal government, which theoretically controls urban land and its use, is a key player in the shelter delivery system. The municipalities have become the point of departure for programs and activities in favor of strengthening and enfranchising local governments and their communities (GAO 1995, 7).

Since 1990, the RHUDO for Central America has promoted a regional strategy of municipal development that encourages more democratic institutional change through political and economic empowerment of local communities. In Central America, the RHUDO is implementing a new policy approach that continues to support the objective of HG Programs to serve low-income families and now includes: (1) a shift away from central to local government control over the delivery of services, certain economic regulations and political responsibility; and (2) community empowerment, in the context of political leadership and accountability, to make democratic decisions which address basic needs, the quality and quantity of urban infrastructure and land use (7).

More recently, as shifting demographics have put more people in cities, USAID has decided to join the World Bank, the Inter-American Development Bank and other intranational aid institutions in making urban issues a priority. Because USAID's past experience has been primarily in housing, the policy shift to urban infrastructure, such as sanitation, water, solid waste removal and utilities management comes naturally (Gisinger 1995). That is, since the construction of housing units and the concomitant building of communities necessarily involves the establishment of these supportive infrastructure services, USAID Housing Guaranty Program personnel have acquired extensive expertise in these related areas.

The expansion of USAID's contemporary urban development objectives in the New Challenges Period has resulted in new programs, such as: the
Local Government Outreach Strategy project, the USAID Municipal Development and Management Program and the United Nations Sustainable Cities Initiative (World Resources 1996-97, 144). Each of these programs brings together many objectives of urban development policy that have been addressed separately in the past: “Countries cannot afford the luxury of trying to sustain a housing finance system that is insulated from other financial markets, nor a housing investment strategy that looks only at physical development plans...the most important contribution that public policy can make to local economic development is to control the overall urban cost structure. The government’s key tools in doing this are land regulation, infrastructure investment, building regulations, and public service supply” (Peterson, Kingsley, and Telgarsky 1991, 38, 41).

The following is a brief discussion of some applications of USAID’s new urbanization management policies in Chile and Ecuador. These countries were chosen as examples because of their distinct urban reform needs.

USAID Municipal Government Reform Strategies

Chile

USAID chose to approach housing and urban problems in Chile through municipal management policies that encourage local government reform. Chile presented an excellent opportunity for municipal government reform strategies because of the extensive decentralization and privatization that came about under its military government: “With the military takeover, there came textbook reform in local public finance. Chile adopted a professional system of local budget formulation, monitoring, and control through which the government completely eliminated municipal deficits. The central government turned over the administration of the education and primary health care systems to local governments which represented by far the greatest devolution of expenditure responsibility in Latin America” (Peterson 1991, 7).

Despite the devolution of central government responsibility, there was no democratic choice in the system: “there was still... no accountability of officials to the local electorate... no local elections, no local authority to approve budgets, and no local authority to set tax rates or impose new taxes” (Peterson 1991, 7). Following restoration of the democratic government in Chile in 1987, USAID was called in to help design a project that would accommodate the new governmental changes in a democratic context by: reestablishing local elections, restoring budget oversight responsibility to local councils, creating flexible tax and fee rates for local governments and introducing greater freedom of choice regarding provision of services at the local level. For Chile specifically, the reform efforts are founded on the development of a responsible fiscal system that includes: technical competence in budget preparation; political commitment to differentiated service platforms in local elections; a national fiscal system that refuses to bailout local governments facing overruns; and institutions and procedures that lay out choices, realistic cost estimates, as well as implications for local fee or tax payments to the local electorate (8).

In addition to ongoing Housing Guaranty activities such as the Chile Private Sector Cooperative Housing Program and the Housing II Program which support expansion activities of the private sector to provide low-income housing, Chile has begun the Chile Private Sector Shelter and Urban Initiatives Program. This program is intended to increase local government and NGO
participation in mortgages to low-income families and to create support for urban revitalization projects.

By helping municipal governments to expand their capacities for multi-sectoral service provision, these programs are taking a more comprehensive approach that ultimately aims to reduce USAID's role in the region. The goal is to institutionalize the housing and urban reform responsibilities within the Chilean government.

**Ecuador**

Ecuador requires special attention from international aid organizations because of the extensive problems urbanization has caused: "Urban Ecuador faces severe environmental problems related to the explosive growth of marginal housing. In the City of Guayaquil (pop. 1.7 million), some 60 percent of the population lives in marginal areas, lacking water, sewerage and solid waste collection. Altogether nearly half (48 percent) of the urban population in Ecuador reportedly lives in unserviced, informal or environmentally marginal areas" (Kehew 1994, 32).

For nearly a decade, USAID has administered municipal development policies in Ecuador that target shelter provision, fiscal reform, environmental improvement and protection and disaster relief. In 1991, the Government of Ecuador, the World Bank and the Inter-American Development Bank formally agreed to a municipal reform program—the Program de Desarrollo Municipal (PDM). USAID did not seek inclusion in the direct implementation of the PDM, instead it chose a complementary role of working with smaller clusters of municipalities versus a country-wide approach. Officials of the USAID Mission in Ecuador were included in development of the program which was formulated after extensive meetings with local mayors, public officials, business leaders, community groups, NGOs and private sector representatives. The public education style format of the program’s scoping mission was intended to facilitate a public dialogue and to promote local level participation in governmental reform.

USAID has also enacted a more direct type of reform policy in its Regional Local Governance and Municipal Development Project for Ecuador. In Ecuador, USAID used HG funds to encourage legislative reform of the City of Quito’s Municipal Water Authority. The Water Authority installed new accounting and information management systems that consequently aided in improving its budgetary decision-making process, plans for service extension, tariff structures and water leak detection. Also, as a result of USAID-funded technical assistance, the Water Authority changed its construction codes to provide new service at prices more affordable to Quito’s low-income families. In three years, the Water Authority upgraded 60 percent of its existing services to Quito’s marginal neighborhoods, benefitting 180,000 people (Keller 1995). USAID’s policy approach in the Water Authority example demonstrates the recent changes in its mission scope. USAID recognizes the need to address widespread urbanization problems in Ecuador, and the only way to assure the needed changes will endure is to institutionalize them in a policy context that accommodates low-income urban populations—the most needy recipients.

In both Chile and Ecuador, USAID’s role can be seen as having expanded from that of external aid organization to influential (partisan) institution of democratic governmental reform. However, the involvement of USAID has receded to more of an advisory role as economic expansion and governmental reform in developing countries have
enabled them to initiate and institute widespread reform. "Municipal management is something that contributes to major political change...by more directly helping developing countries to 'do it for themselves.' The greater the autonomy of localities, the closer the decisionmaking is to those who are most directly affected by those decisions" (Gisinger 1995). The increasing urbanization of developing regions like Latin America, where some 75 percent of the total population live in cities, indicates that the trend toward international aid policies that target urban problems, such as USAID's Municipal Management Program, will continue (Gisinger 1995).

CONCLUSIONS: THE NEXT STEPS

USAID has already made progress in moving toward an urbanization management focus in its future policies by integrating its urban-related activities within the agency and by coordinating efforts with NGOs and private donors to leverage a declining level of resources. In Latin America, long-standing programs such as the Housing Guaranty Program, have provided a policy framework through which USAID is developing more comprehensive regional reform through municipal management and urban development policies. The nascent Sustainable Cities Initiative program has been embraced by USAID in its efforts to join forces with other global development assistance agencies. USAID's support for the program reaffirms its present and future commitment to urban development policy: "The Sustainable Cities Initiative...reflects USAID's ongoing efforts to leverage its own resources to the best of its ability. The Initiative will be able to best exploit the synergies, and to minimize the overlap, between various existing USAID activities trying to meet urban demands in the developing world" (Sustainable Cities 1995, 2).

The Sustainable Cities Initiative is intended to meet contemporary challenges to "human health, environmental quality, and economic productivity proposed by an increasingly urbanized world [through] technical assistance to increase capacity building of local governments, NGOs and the private sector...to work together to articulate a shared urban agenda" (1).

Other international aid organizations are realizing a shift in development policy priorities that focus on the ramifications of urbanization. Habitat for Humanity International, an NGO which does not receive funds from USAID, supports USAID's policy changes that facilitate the building of public-private partnerships in institutionalizing comprehensive reform across many development sectors. According to Todd Zylstra-garth (1995), International Liaison at Habitat for Humanity International: "USAID is moving in a promising direction (that other government agencies should follow) by working with NGOs and other interest groups at the local level. This method will result in sustainability of needed change if USAID continues to stress affiliation and not control in the continuing decentralization efforts of developing countries."

Similarly, the World Bank's Urban Policy and Economic Development Agenda for the 1990s and the Habitat II Agenda, which was reaffirmed by many nations in Istanbul, Turkey, in June 1996, promote democratic reforms and a multi-sectoral approach to global urban reform efforts (World Bank 1991).

USAID has taken a broader approach to its housing policy in Latin America recognizing that shelter provision is only a part of a wider community network. USAID is now addressing the social as well as physical infrastructure elements that support residential communities. By revising its objectives to encourage
participatory government involvement through the Housing Guaranty Program process, USAID is fostering sustainable development and more clearly defining the limitations of its role. USAID's work in reshaping its long-standing Housing Guaranty Program in Latin America recognizes that sector-by-sector approaches to development are not the most promising directions for the future. Instead, a multi-sectoral approach to urban development that defines housing as a central, but not isolated, component of wider communities appears to be a more adequate means of coping with the contemporary forms and functions of cities in the developing world.

References


Carol Armstrong earned a Master's degree from the Georgetown Public Policy Institute in May 1997. A 1992 graduate of Purdue University, Armstrong served as a US Peace Corp volunteer in Thailand from 1992-94. She currently works as a research associate at the Association of Metropolitan Planning Organizations in Washington, DC, where her policy interests concern urban and regional development.
After years of educational innovation and experimentation with privatization, Carol Ascher, Norm Fruchter and Robert Berne put the market theory of education to the test in *Hard Lessons: Public Schools and Privatization*. Ascher, a senior researcher at New York University’s Institute for Education and Social Policy, specializes in urban education issues. Fruchter, also at NYU, is an experienced urban education practitioner credited with developing several innovative public school programs in New York. Berne’s expertise lies in the sphere of education finance and governance, and he currently serves as director of academic development at NYU. The authors shed light on the promises of privatization, exposing the results of such efforts by evaluating controversial efforts of the past 30 years.

Reports of dismal levels of student achievement, particularly in financially-strapped urban areas, have spurred innovative privatization efforts in public schools across the country. Privatization, with its promises of market efficiency, lower delivery costs and reduced bureaucracy, has spawned nationwide experimentation efforts since the 1960s. *Hard Lessons* focuses on two of privatization’s many facets: contracting out public schools to private, for-profit companies and the institution of voucher systems to maximize parental choices. The authors scrutinize such efforts in eight economically depressed cities and review the success of each based on five criteria: improved student outcomes, decreased cost, increased parental involvement, improved accountability and equity. The analysis begins with sharp criticism for the rationale of privatization and the assumptions about choice behavior upon which the market theory of education rests. Without condemning all privatization of public services, the authors assert the unique characteristics of public education will confound many market-based reforms.

Privatization will not fulfill promises of pure choice theory because school choice is not universal. Decisionmaking within a school is determined by a combination of immeasurable variables, and choice programs are not free from regulation. By introducing market mechanisms, profit-incentives and competition into public schools, privatizers remove education from the public sphere, transforming it into a “consumable item.” The authors contend that this would be an unfortunate change because of public education’s ties to democracy and the advancement of civil society.

The authors focus primarily on recent controversial experiments in Baltimore, Maryland and Chelsea, Massachusetts as proof that privatization falls short of fulfilling its promises. Based on their five-point criteria, they contend that privatization experiments have failed at every stage—accountability was splintered with the introduction of stockholders, parental influence decreased, new layers of inefficient bureaucracy were created and there was no substantial increase in standardized test scores. Besides failing to improve schools, privatization experiments have
not answered serious questions about how a private company can ensure equal opportunity for all children. They warn that America's national commitment to equal opportunity may be abandoned if reformers continue to pursue privatization in education.

While *Hard Lessons* provides compelling arguments against privatization, it has shortcomings. Rather than conduct their own evaluation of the experiments, the authors rely on existing and often deficient evaluations of the experimental schools. A true assessment of these cases is not available because studies were conducted mid-way through the reforms and every school prematurely terminated their contracts, making it impossible to ascertain the full effect of the privatization efforts. The use of standardized test scores as a measure of achievement is itself problematic. The success of educational reform does not rest solely on short-term increases in test scores, but rather on individual students' long-term achievements. Because of this inherent dilemma, the authors cannot unequivocally state that privatization failed to improve student outcomes, only that it failed to improve short-run test scores. Finally, although *Hard Lessons* provides important criticism and evidence on school choice, it does not provide a similar critique nor any solutions for the current public education system.

Despite these problems, *Hard Lessons* offers important evidence on the administration of schools by for-profit companies. It encourages the reader to ponder the purpose of our education system and why it has remained public for so long. The reader is challenged to reassess the goals of education and to critically analyze privatization efforts before blindly following the rhetoric of market theory.


The standards movement, an effort to set higher expectations for all students, has gained strong support over the last decade, but there is much controversy over how to translate the vision of high standards into practice in classrooms across the country. Who will develop the standards? How detailed should they be? What type of assessment will best promote achievement of high standards? The *Goals 2000: Educate America Act of 1994* attempted to answer these questions by establishing a federal framework to support local standards-based reforms. Although the law has been attacked repeatedly by conservatives in Congress, local reform initiatives continue and debate about standards rages on in state legislatures.

*Debating the Future of American Education*, a collection of nine articles by educators, researchers and policy experts, provides a well-balanced macroview of the national debate on standards and assessments. In presenting a broad range of conflicting policies, the book encourages readers to consider larger practical, political and social barriers to successful standards-based reform.

Since public school management is traditionally the domain of local government, the national standards movement has sparked heated ideological conflict over the federal role in public education. Marshall Smith, President Clinton's Undersecretary of Education, champions the progressive 'systemic reform' approach, calling for federally-supported changes in teacher training, curriculum and other resources to sup-
port higher standards. Neo-conservatives, like Chester Finn, advocate a hands-off ‘standards and accountability’ model that holds schools accountable for outputs, such as student achievement, rather than educational inputs.

By clearly illustrating the ideological conflict at the root of the standards and assessment conflict, *Debating the Future* highlights the unfortunate absence of empirical research findings. Although the contributors rely heavily on quantitative research to prove that American schools are in trouble, they present little empirical data to support their strategies for improving student achievement. Qualitative comparisons and anecdotal evidence are used to support performance standards and portfolio assessments. Traditional multiple-choice testing is defended by citing technical difficulties in comparing non-standardized tests. Behavioral arguments are used to promote high-stakes national testing.

The current debate about standards also fails to adequately address the achievement gap among American students. Dominant models of reform require teachers, parents and community members to invest considerable time and resources to develop and implement standards. However, as illustrated in Jonathan Kozol’s eye-opening book, *Savage Inequalities*, many schools with low student achievement, often high poverty urban schools, lack the resources and social capital necessary to carry out current reform proposals. Conversely, reform is most likely to succeed in wealthy districts where parents, teachers and community members are active in the schools—schools where kids are already achieving.

*Debating the Future of American Education* clearly illustrates the national debate around standards and assessment and exposes common weaknesses in the leading policy paradigms for standards-based reform. Readers who are new to these issues will find this book to be accessible, highly informative and even entertaining. For seasoned policymakers, the book offers a new, broader perspective that inspires one to move beyond ideological warfare and use more rigorous analysis to identify realistic, thoughtful policies that will help all students achieve high standards.

**Kristi Kimball**

*Urban Institute*

The US teen pregnancy rate is more than twice that of any other advanced country, with 58.9 births per 1000 teenage girls age 15-19, leading to 505,000 births each year. Contrary to what many assume, this is not a recent crisis. The teen birth rate is lower now than 40 years ago, and is declining. Nevertheless, teen mothers and their reliance on public assistance have become the center of much concern. Compared to women who delay childbearing, teenage mothers have lower levels of educational attainment and thus earn lower wages, and consequently suffer high poverty rates and longer periods of dependency on welfare.

Under the direction of editor Rebecca Maynard, *Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy* identifies the extent to which the undesirable outcomes associated with teen pregnancy are attributable to teen pregnancy per se rather than the wider environment. Starting with a background study of trends in teenage pregnancy, the book presents
seven coordinated studies on particular dimensions of adolescent childbearing. Each can be read independently, but together they give a comprehensive accounting of teen pregnancy's social costs.

The findings of the first study, "The Impacts of Teenage Childbearing on the Mothers and the Consequences of Those Impacts for Government," contradict the conventional wisdom that teenage mothers would be better off if they delayed childbearing. The authors compare teen mothers with teen girls who miscarried in order to isolate their varying background characteristics. Early motherhood itself has little effect on women's education and earnings. Rather, the socioeconomic environment of these teens contributes to their lower education and earnings potential. This study also examines the net cost of public assistance for teen mothers, measured as their lifetime earnings and government revenue from their taxes. They conclude that except for medical care, net costs to taxpayers of welfare for teenage mothers are minimal.

The subsequent chapters examine the consequences of teen pregnancy for the fathers and children, as well as long-term economic implications. In contrast to mothers, teen pregnancy lowers the socioeconomic potential of the fathers, provided that fathers either choose or are forced to support the mother. Furthermore, the children of teen mothers are more susceptible to a number of problems, such as poor health, child abuse, placement in foster care, adolescent criminal activity and reduced economic and social success in adulthood. These losses in human potential, and the resulting public costs, form a powerful argument in favor of public interventions to delay childbearing.

In considering theoretical reasons for the small independent effect of teenage childbearing on a girl's life, the authors contend that they actually prefer to be early childbearers. Future teenage mothers score comparatively lower on aptitude tests prior to becoming pregnant. Hence pregnancy is an effect, rather than a cause, of lower prospects for a complete education. Continuity and job-specific experience are more important than educational credentials to these women's earnings potential. Early childbearing allows them to do better in the adult labor market. However the authors do not take into account risk factors such as excessive use of tobacco and alcohol, which are also strongly associated with these girls' socioeconomic well-being and lower educational attainment, nor other possible negative effects of pregnancy and miscarriage.

Furthermore, a conclusion that teenage childbearing is a choice in the timing of life cycle behavior ignores the profound personal costs. We do not learn what proportion of these teens wanted to become pregnant in the first place, nor how many of these pregnancies occurred due to lack of contraceptive access or knowledge. Other surveys of teenage girls make the conclusions about life-cycle planning difficult to accept. A survey of girls aged 12-19 by Mark Clements Research found that 80 percent believed having a baby would have a negative effect on their life, indicating that the remaining 20 percent may not be aware of the negative consequences of early childbearing. Many respondents said that self-esteem problems, and consequent sexual relations with older men, are major factors in teen pregnancy.

Despite these problems of generalization, Kids Having Kids' quantitative measures and analyses provide considerable insight into the economic and social costs of teenage childbearing,
not only to the women themselves, but also to the children, fathers, and society at large.

DANNA BASSON
Georgetown University

Reality and Research: Social Science and U.S. Urban Policy Since 1960
George Galster, Editor
Washington, DC: The Urban Institute Press, 1996

More than a history of urban legislation since the election of President Kennedy, Reality and Research: Social Science and U.S. Urban Policy Since 1960 is also a study of the interrelationship between social science research and urban policymaking. Editor George Galster, a Program Director and Principal Research Associate at the Urban Institute, brings together recent essays by leading urban policy analysts, most from the same Washington, DC, think tank. Each essay reviews the legislative evolution of a single urban-related issue from 1960 to 1995, and evaluates the role of research in determining or influencing these policies. Major topics include economic development, poverty, family support, social welfare, housing, transportation, land use, education, drug abuse, racial discrimination and intergovernmental financial relations. A few authors—most notably the editor himself—go back as far as the post World War II era, arguing that more recent policy decisions cannot be understood without providing additional historical context.

Reality and Research readily lends itself to an urban policy course, although the general reader interested in a compilation of the major urban policy developments in the latter half of the twentieth century will find the book comprehensive and easy-to-read. Current policy analysts will find the authors' insights particularly helpful, given that most contributors provide suggestions on how policy researchers can improve the chances that their work will influence policymaking. At the same time, policy students will be disheartened to hear seasoned researchers lament that even the most comprehensive research is often ignored, dismissed, politicized or misinterpreted. Most authors emphasize that political definitions of policy problems do not always reflect informed, systematic research. Policy analysts are bound to be frustrated because, in Galster's words, the "impact of evaluations of specific policies has depended on whether the prevailing ideology of the period was congruent with research conclusions" (158). Furthermore, the lack of consensus among policy researchers themselves has further diminished any potential impact on policy.

At times, the reader may forget that Reality and Research is supposed to focus on urban policy rather than public policy in general. Many of the authors' discussions are not exclusively "urban." The sections on transportation, land use, and education, for example, discuss them in regional and even national contexts, while the chapter on family support and social welfare never even refers to the issue as "urban." As a result, the book lacks a unifying force connecting the excellent individual essays into a comprehensive analysis of urban policy. Galster's final chapter should have solved the cohesion problem by exploring the relationships between the topic areas. A helpful example would have been an examination of the linkages of transportation to housing, or poverty to education in the context of the urban crises since the 1960s. Disappointingly, the final chapter merely restates each essay's major conclusions. Despite this lack of cohesion,
Reality and Research is still useful both as a legislative reference for the individual topic areas and as a lesson on the impact or irrelevance of public policy research.

Hilary Cairns
Georgetown University


The end of the Cold War, increasing economic integration and accelerating technology have made globalization a running topic of discussion. Globalization & Decentralization: Institutional Context, Policy Issues, and Intergovernmental Relations in Japan and the United States is one of many books tackling this theme. It discusses globalization's impact on decentralization and the role of subnational governments in this process.

These twenty essays by American and Japanese scholars examine the consequences of globalization for local governments and how these subnational governments in turn influence the globalization process. The introductory section describes the evolution of local government institutions and processes in the US and Japan. The main section compares specific policy issues such as human and social services, urbanization and fiscal policies in the two countries. The final section concludes with a review of the effect of "global interdependencies" affect on subnational institutions.

Although the authors present very thorough explanations and forecasts of their respective areas, they offer only cursory and non-specific policy recommendations, except to urge decentralization as a general solution. This recommendation calls for the devolution of power from the national government to local level governments. This will give them the financial responsibility as well as the authority to adapt and seize opportunities being presented by the new global economy. The editors assert that it is "necessary to reform governing and processes in order to allow more autonomy at the local level so that local administrators can learn to become effective in solving local problems and active in promoting international activities" (4).

This collection includes many case studies and examples of subnational influence on the globalization process, including export promotion, individual state government offices in other countries and the sister cities or States programs. Even if these local cross-country relationships are a means for enhancing the globalization process, there is only a brief digression into how close geographical links can also establish "local-international" relations. Examples include Fukuoka in Kyushu Island forming trade relations with Korea, China, and Taiwan. Local-regional market relations, such as the Growth Triangles of Southeast Asia or even small-scale NAFTA, should have been given more attention.

Beaumont, however, warns that the globalization process could present a national problem once international agreements start affecting state regulations and local laws. Kline maintains that if this process is labeled as "a usurpation of national authority" or a "disunited front at the federal level" it could lead to overlapping program and policy activities or even conflicting policies toward foreign entities.

As a comparative study, both US and Japan issues are given equal attention. Their main difference is that
Japan's power shift moved from the center to the periphery, whereas in the US the federal government was organized from the bottom up. Despite the individual countries' involvement in the globalization process, there is no clear discussion or a single essay on how they could further enhance their often stormy bilateral relationship through globalization. Only Ishiguro covered another important factor of globalization—technology's role in shaping bilateral and bi-level government relationships.

*Globalization and Decentralization* contributes new definitions to the study of globalization. Kline suggests that globalization is actually *intermistic*—a blend of international and domestic issues. According to Hoshino, a distinction should be made between globalization and internationalization. Globalization is the development of a situation in which private corporations, public organizations and individuals freely engage in transactions across national borders and cooperate in dealing with global issues; internationalization is a country's change in national policies to adopt international rules or join international organizations (360).

With its sweeping coverage, "globalophiles" will appreciate this collection's value-added feature of the domestic aspect of globalization. *Globalization and Decentralization* provides another dimension to the globalization issue and clarifies the concept with real-world examples in Japan and the US. Local administrators and public officials could likewise benefit from these essays as a reference for launching initiatives. However, while the contributors depict globalization as a positive opportunity, they do not provide much in-depth analysis of its pitfalls.

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# Index to Volume 2

<table>
<thead>
<tr>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armstrong, Carol. Managing Urbanization in the International Policy Process: USAID’s approach in Latin America</td>
<td>157</td>
</tr>
<tr>
<td>Ascher, Carol, Robert Berne and Norm Fruchter. Hard lessons: Public Schools and Privatization. (Reviewed by Michelle Chaffee.)</td>
<td>169</td>
</tr>
<tr>
<td>Bilchik, Shay. Interview. (Conducted by Veh Bezdikian and Louisa P. Merianos.)</td>
<td>7</td>
</tr>
<tr>
<td>Brennan, Niall J. Medical Savings Accounts: Their Place in the US Health Care System</td>
<td>57</td>
</tr>
<tr>
<td>Campos, Edgardo and Hilton L. Root. The Key to the Asian Miracle. (Reviewed by Sumona Guha.)</td>
<td>81</td>
</tr>
<tr>
<td>Feuer, Michael J., Lisa Towne, Adam Burns and Manuel Rubio. School Choice and the Diversity of Schools: Micromotives and Macroeffects</td>
<td>103</td>
</tr>
<tr>
<td>Hall, Carol M. The Work Status of Seasonal Agricultural Workers in the Post-IRCA Period</td>
<td>121</td>
</tr>
<tr>
<td>Jun, Long S. and Deil S. Wright (Eds.) Globalization and Decentralization: Institutional Context, Policy Issues, and Intergovernmental Relations in Japan and the United States. (Reviewed by Teresa Andaya.)</td>
<td>174</td>
</tr>
<tr>
<td>Kelliher, Catherine T. The Adoption Assistance and Child Welfare Act of 1980: Three Case Studies of Intergovernmental Conflict</td>
<td>33</td>
</tr>
<tr>
<td>Mader, Eric N. Welfare reform: An Analysis of the Factors that Influence the Policy</td>
<td>67</td>
</tr>
<tr>
<td>Maynard, Rebecca, A. Kids Having Kids: Economic Costs and Social Consequences of Teen Pregnancy. (Reviewed by Danna Basson.)</td>
<td>171</td>
</tr>
<tr>
<td>Perez, Clemente and Sean Ryan. Maryland’s One-Stop Career System: A New Strategy in Job Training and Employment Services</td>
<td>47</td>
</tr>
<tr>
<td>Prosser, William. Ending Welfare as we know it: How Will We Know?</td>
<td>137</td>
</tr>
<tr>
<td>Ravitch, Diane (Ed.). Debating the Future of American Education: Do We Need National Standards and Assessments. (Reviewed by Kristi Kimball.)</td>
<td>170</td>
</tr>
<tr>
<td>Riggs, Frank (R-CA). Interview. (Conducted by Shirley Hung and Louisa Merianos.)</td>
<td>97</td>
</tr>
<tr>
<td>Salomon, Lester M. Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State. (Reviewed by Aaron J. Heffron.)</td>
<td>83</td>
</tr>
</tbody>
</table>
Sandel, Michael J. *Democracy's Discontent: America in Search of a Public Philosophy*. (Reviewed by John Samples.) ................................................................. 78

Schafer, Todd and Faux Jeff (Eds.). *Reclaiming Prosperity: A Blueprint for Economic Reform*. (Reviewed by Douglas Pitkin.) ................................................................. 77

Smith, Marshall. Interview. (Conducted by Thomas Heinemann and Louisa Merianos.) .................................................................................................................. 91

Thomas, David B. *Boot Camps for Juvenile Offenders: Public Appeal, but Effective Public Policy?* ........................................................................................................ 15
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