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Labour Economics

journal homepage: www.elsevier.com/locate/labecoReprint of: Effects of maternal work incentives on youth crime[☆]Hope Corman^{a,*}, Dhaval Dave^b, Ariel Kalil^c, Nancy E. Reichman^d^a Rider University & NBER, 2083 Lawrenceville Road, Lawrenceville, NJ 08550, United States^b Bentley University & NBER, 175 Forest Street, Waltham, MA 02452, United States^c University of Chicago, 1155 East 60th Street, Chicago, IL 60637, United States^d Rutgers University—Robert Wood Johnson Medical School & University of Toronto, 89 French Street, New Brunswick, NJ 08903, United States

A B S T R A C T

This study exploits differences in the implementation of welfare reform in the United States across states and over time to identify causal effects of maternal work incentives, and by inference employment, on youth arrests between 1988 and 2005, the period of time during which welfare reform unfolded. We consider both serious and minor crimes as classified by the Federal Bureau of Investigation, consider differential effects by the youth's gender and age, investigate the extent to which effects were stronger in states with more stringent work incentive policies and larger welfare caseload declines, and use a number of different model specifications to assess robustness and patterns. We find that welfare reform led to reduced arrests for minor crimes among youth ages 15–17 years by 9–11%, with similar estimates for males and females, but that it did not affect youth arrests for serious crimes. The results from this study add to a scant knowledge base about the effects of maternal employment on adolescent behavior by exploiting a large-scale social experiment that greatly increased employment of low-skilled women. The results also provide some support for the widely-embraced argument that welfare restrictions discourage undesirable social behavior, not only of mothers, but also of the next generation.

1. Introduction

The 1996 US Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and the waivers that preceded it (collectively referred to as welfare reform), provide an unprecedented opportunity to study the effects of maternal work incentives on the behaviors of low-income youth. Despite successful expansions of the Earned Income Tax Credit (EITC) over the decades leading up to welfare reform that increased the labor supply of single mothers (Eissa and Liebman, 1996), many mothers on welfare had not transitioned to work as of the early 1990s. The key strategy under welfare reform for reducing dependence of this group was to aggressively encourage maternal employment (which would allow them to qualify for the EITC), by imposing work requirements and time limits as conditions for receipt of cash assistance. The basic argument was that labor force participation would break a culture of dependence by increasing self-sufficiency and reconnecting members of an increasingly marginalized underclass to the mainstream ideals of a strong work ethic and civic responsibility (Katz, 2001). Welfare reform was successful in that it increased employment of low-skilled women (Fang and Keane, 2004; Ziliak, 2016); increased hours and weeks worked (Ziliak, 2016) and decreased welfare caseloads (Loprest, 2012), and recent research found that it led to declines in women's substance abuse (Corman et al., 2013; Kaestner and Tarlov, 2006) and crime (Corman et al., 2014) as well as increases in women's community participation in the form of voting

(Corman et al., 2017b)—overall, providing support in favor of the “mainstreaming” argument.

An implicit assumption underlying welfare reform was that the work-focused regime would sever an assumed transmission of welfare dependence to the next generation by putting mothers to work (which can increase family resources or lead mothers to model mainstream behavior), changing youths' expectations about welfare as a long term option, and requiring minor mothers to stay in school (a feature of the legislation). That is, the new regime was expected to mainstream not only poor mothers, but also their children. Studies have found that welfare reform led to reductions in high school dropout and teen fertility (Dave et al., 2012; Kaestner et al., 2003; Koball, 2007; Lopoo and Deleire, 2006; Miller and Zhang, 2012; Offner, 2005), providing some support for this argument. However, few studies have considered how the new regime has affected teens more broadly. Crime and delinquency are of particular relevance, as studies have found links between female-headed households and youth crime (Glaser and Sacerdote, 1999; Cobb-Clark and Tekin, 2011; Cormanor and Phillips, 2002; Antecol and Bedard, 2007); teens and young adults have the highest propensity to commit crimes (e.g., Ulmer and Steffensmeier, 2014); and criminal records and incarceration greatly hamper human capital acquisition and upward socioeconomic mobility (e.g., Western, 2002).

In this paper, we exploit differences in the implementation of welfare reform across states and over time to identify causal effects of the “work first” regime on youth arrests between 1988 and 2005, the period during which welfare reform unfolded. We consider both serious

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and minor crimes as classified by the Federal Bureau of Investigation (FBI), differential effects by the teen's gender and age, and the extent to which effects are stronger in states with more stringent work incentive policies and larger caseload declines, as economic theory would predict. This study makes an important contribution to the relatively small literature on the effects of maternal employment on teen behaviors, as well as to the literature on the economics of youth crime, by exploring the role of broad-based work incentives in a policy-relevant and contemporary context.

2. Background

2.1. Empirical studies of effects of welfare or employment on teenage behavior

As far as we know, there exist relatively few population-based or quasi-experimental studies of the effects of welfare transitions, welfare reform, or maternal employment on teen delinquent or criminal behavior. Syntheses based on three pre-PRWORA welfare reform experiments (“waivers”), which included features such as work requirements and time limits that later were included in the PRWORA legislation, did not find consistent evidence that work incentives had a significant impact on adolescents having trouble with the police or being suspended or expelled from school (Gennetian et al., 2002, 2004). Grogger and Karoly (2005), reviewing a broader set of waiver programs, concluded that there may have been adverse effects of welfare reform on outcomes generally for youths age 10 years and over. However, when considering outcomes directly related to youth behavior—being suspended or expelled from school and being involved in delinquent or criminal behavior—the number of relevant studies was small and the results from those studies were quite variable, precluding inferences about existence or direction of effects.

Using data from the post-PRWORA Three-Cities Study, several studies found that transitions into (off of) welfare were adversely (favorably) associated with teens' delinquent behaviors including substance use, while transitions into (out of) work had associations in the opposite direction (Chase-Lansdale et al., 2003, 2011; Coley et al., 2007; Lohman et al., 2004). However, also using data from the Three-Cities Study, Mahatmya and Lohman (2011) found no associations between welfare transitions, employment transitions, or stable employment and teen delinquency.

Aughinbaugh and Gittleman (2004) estimated the effects of maternal work in the past 3 years on teen substance use (alcohol, cigarettes, and marijuana) using data from the National Longitudinal Survey of Youth and its young adult supplement (NLSY-CS) and family fixed effects models and found no significant effects, even for a subsample of unmarried mother households. Vander Ven et al. (2001), also using the NLSY-CS, found no associations between mothers' hours of work and delinquent behavior (including illegal activities and alcohol abuse) of their teenage children, although the authors did not look at a subsample of low-income households.

Corman et al. (2017a) exploited differences in the implementation of welfare reform in the U.S. across states and over time in the attempt to identify causal effects of welfare reform on youth arrests for drug-related crimes using arrest data from the FBI (the same data source used for the current study) merged with implementation dates of welfare reform in each state. The authors explored both short-run effects for teens exposed to welfare reform and longer-term effects for young adults who came of age when welfare reform was implemented, as well as the extent to which effects appeared to be stronger in states with more stringent work incentive policies, larger welfare caseload declines, and larger employment increases among low-educated unmarried mothers. Overall, the authors found no evidence that welfare reform led to decreases in arrests for drug-related offenses (and, by inference, potential decreases in drug use) among youth and may actually have led to increases in such

arrests. However, the authors cautioned that the latter finding was preliminary, not fully robust, and should be further explored.

Altogether, the most relevant existing studies have not provided convincing evidence about the effects (existence or direction) of welfare reform or employment on teen delinquent or criminal behavior. The waiver experiments were conducted in very specific contexts, did not always have sufficiently large samples of adolescents, and often did not measure adolescent behavioral outcomes. The studies using data from the Three-Cities study did not address selection into welfare or employment transitions, and it has been shown that women who have a difficult time securing and maintaining employment and staying off of welfare have lower levels of human capital (e.g., education, physical health, and mental health) than those who are more successful at transitioning from welfare to employment (Danziger et al., 2000). In addition, results from three cities may not be generalizable to the nation, and the research design of those studies does not allow for welfare reform to affect behaviors through channels other than changes in welfare participation and/or work. Aughinbaugh and Gittleman focused more on substance use than crime and acknowledged that their estimated effects of maternal employment were imprecise and cautioned that not too much should be read into their null results, and Vander Ven et al. did not address the potential endogeneity of maternal employment. Finally, the results from the Corman et al. study were sensitive to model specification and thus inconclusive.

2.2. Expected effects

Moving mothers from welfare to work was a major goal of welfare reform. Recent studies indicate that welfare reform increased employment among low educated-unmarried women by about 12–14% (Corman et al., 2014; Ziliak, 2016). This strong employment effect could increase the household income of affected families, which could improve teens' behaviors; e.g., Akee et al. (2010) found that a positive income shock was associated with higher levels of parental supervision and lower levels of drug dealing and minor crimes among teenage children. Although marriage promotion also was an explicit goal of the PRWORA legislation and some waiver programs, the effects of welfare reform on marriage, cohabitation, and non-marital fertility have been mixed or weak (e.g., Blank 2007; Gennetian and Knox, 2003; Grogger and Karoly, 2005), suggesting that marriage and cohabitation are not important pathways between welfare reform and teen behaviors.

Real income of unmarried mothers increased by approximately 25% between 1993 and 2002 while real income from public assistance in 2002 was about 20% of its 1993 level (Fang and Keane, 2004), suggesting overall positive effects of welfare reform on income from work. Assuming that the overall increase in income was a result of welfare reform and that it offset potential welfare-reform-induced increases in constraints (e.g., increases in transportation and childcare expenses, decreases in time available for supervision), the reforms would be expected to have socially favorable effects on youth criminal behavior (e.g., welfare reform would lead to reductions in youth crime). However, welfare reform could have affected teen behaviors through channels other than income—e.g., by changing the normative climate from a culture of dependence to one of personal responsibility or by making welfare reliance much less of a long-term option. Additionally, the effects of welfare reform on teen behaviors could differ by gender, as females are less likely than males to commit crime and factors that affect criminal behavior generally have less of an effect for females than for males (e.g., Levitt and Lochner, 2001). Overall, the expected net direction of the effects of welfare reform on youth crime is not clear a priori, as it depends on the strength of potentially heterogeneous and opposing effects.

Finally, we do not expect that there would be large differences in the effects of TANF versus those of pre-PRWORA waivers because there were few key systematic differences between waiver and TANF rules and those would affect only specific subsets of teens. Noteworthy differences between the two phases of welfare reform are that: (1) TANF imposed

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