

The Poverty Research Center at Stanford University

The Center for the Study of Poverty and Inequality at Stanford University was awarded a five-year national Poverty Research Center grant by the Assistant Secretary for Planning and Evaluation (ASPE) at the U.S. Department of Health and Human Services. The national center will be focused on monitoring trends in poverty and inequality, explaining what's driving those trends, and developing science-based policies on poverty and inequality. The Director of the Center is David B. Grusky of Stanford University.

This research will be carried out with eight research groups examining (a) poverty, (b) income inequality, (c) social mobility, (d) educational access and achievement, (e) welfare program usage, (f) racial and ethnic inequality, (g) residential segregation, and (h) the effects of the recent recession and possible recovery. These research groups will each be led by a distinguished scholar of poverty and inequality (Michael Hout, Robert Mare, Gary Solon, David Betson, Kathy Edin, Henry Brady, Bruce Owen, C. Matthew Snipp, Sean Reardon, David Grusky). The RG leaders will be joined by postdoctoral fellows appointed by the Center, emerging scholars who are winners of the Center's grant competitions, and Stanford University graduate and undergraduate research fellows.

The program will build a new website hub, www.povertytrends.org, that delivers the trend data and research output of the program. The hub will present research on poverty and inequality trends as well as a graphing utility that allows visitors (e.g., journalists, students, academics) to track key trends by accessing a carefully developed archive of time series. The Center will additionally develop two affiliated website hubs, one that focuses more explicitly on the effects of the recession on poverty and inequality (www.recessiontrends.org), and another that focuses on poverty, inequality, and welfare use in California (www.c-well.org). The output of the research groups will be publicized via the Center's signature outlet, *Pathways Magazine*, which will be used to feature research from not just the Stanford center but also the two other ASPE centers (at the University of California – Davis and the University of Wisconsin – Madison).

In each of the eight research areas in which research will be carried out, there are major unresolved issues of measurement or data, issues that our research groups (RGs) in these areas will be taking on. The following are the eight areas of focus:

Poverty measurement and trends: The Poverty RG will build on and advance the new Supplemental Poverty Measure (SPM) as well as other new poverty measurement tools. It will do so by (a) developing measurements of poverty at the city and local levels, (b) developing a method for more frequent updating of poverty and hardship measures, (c) assessing poverty in ways that better reflect whether minimum standards of health care and child care are being met, and (d) developing a new protocol for measuring trends in the everyday experience of poverty.

Trends in educational access: The Education RG will initially focus on two research agendas. The first involves monitoring trend in the effects of poverty and family background on academic achievement, and the second involves decomposing the total effects of background into a component pertaining to effects on performance ("primary effects") and a component pertaining to effects on choices ("secondary effects").

Trends in income inequality: The increase in income inequality in the U.S. continues apace, yet is far from being well understood. The purpose of the Income Inequality RG is to build an improved account of this trend by assessing whether it arises from various forms of market failure that work to generate a bloated and poorly compensated class of undereducated workers.

Trends in social mobility: The fourth RG will be charged with addressing ongoing problems in monitoring trends in economic and social mobility. For the preceding RGs, analytic and statistical problems have been the main impediments to developing high-quality trend measurements, whereas a key obstacle in the mobility domain has long been the availability of adequate data. We propose to lay the groundwork for a new tax-return approach to monitoring mobility by exploiting a sample of approximately 90,000 tax returns in the 1987-1996 SOI (Statistics of Income) Family Panel. We will also support more conventional trend analyses of occupational and economic mobility using survey data and, in some cases, survey data linked to administrative data.

Trends in safety net use: The Safety Net RG will be devoted to monitoring changes in government and nongovernment transfers to the poor and assessing whether government and nongovernment programs are meeting the needs of the poor. This RG is especially critical because transfers are playing an increasingly important role in reducing poverty, especially in the recession and its aftermath. The Center has just founded the California Welfare Laboratory (C-WELL) and will be carrying out much of this research at the state as well as national level.

Recession and recovery effects: The Center has an ongoing research initiative on the poverty and inequality implications of the Great Recession, an initiative that drew on a multidisciplinary team of experts and culminated in the forthcoming publication of *The Great Recession*. In the next year (and beyond), we plan to continue monitoring the poverty and inequality implications of the recession and its aftermath, a follow-up initiative that entails (a) building a website hub that delivers real-time expert scholarship on the social and economic fallout of the downturn as it turns into a full-throated recovery, a more intransigent downturn, or a double-dip recession, (b) convening a new RG of interdisciplinary experts to produce a second book on the longer-term social and economic fallout of the recession, and (c) developing a graphing utility that allows scholars, journalists, students, and the general public to access trend data revealing the effects of the recession on labor market and other social outcomes.

Residential segregation: It's especially important to monitor residential segregation because recent evidence indicates that income segregation is strengthening. Although past studies differ on the details of the increase, they mainly agree that metropolitan area income segregation grew from 1970 to 2000 and that such growth was most prominent in the 1980s and among black families or households. The residential segregation RG will be charged with developing a monitoring system that allows us to better understand these and related trends in residential segregation.

Racial and ethnic inequality: The RG on racial and ethnic inequality will be charged with tracking how the economic circumstances of U.S. ethnic and racial groups have evolved. It's again extraordinary that a quite basic monitoring of the size of such racial and ethnic gaps is not regularly undertaken and has not been part of our standard set of social indicators. Although the size of these gaps is of course assessed from time to time, a more regular and standardized

reporting is warranted in light of possible ongoing changes in the racial and ethnic distribution of incomes. The size of racial and ethnic income gaps may be changing, for example, by virtue changes in the spatial distribution of immigrants, in patterns of racial and ethnic intermarriage, in the extent of racial, ethnic, and immigrant discrimination, and in the extent of human capital investments by different racial and ethnic groups.

These eight research groups will in all cases involve inter-university collaborations that bring together faculty from many universities. This team-based approach has proven to be an unusually successful model for training graduate students and postdoctoral fellows as well as integrating undergraduate students into the research process. The emerging scholars grant program will likewise target young and diverse scholars from throughout the country.