

## CURRENT RESEARCH: WORKING PAPER ABSTRACTS

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**“Wage Growth and the Job Dynamics of Welfare Recipients”** (October 2009, Job Market Paper)

The welfare reforms of 1996 were designed to encourage single mothers to become self-sufficient through employment. Yet, these women often end up in unstable, low-paying jobs. In this paper, I quantify the importance of (1) the returns to tenure and experience, (2) job mobility, and (3) job exit in leading to these employment outcomes. I estimate a model of full-time work, part-time work, and welfare use. To allow differences in wage growth between recipients and non-recipients, I incorporate heterogeneity in job offer arrival rates, the returns to experience and tenure, and the rate of job destruction. I show that, for welfare recipients, tenure is a more important source of wage growth than work experience. Thus, policies encouraging lengthy employment spells could encourage wage growth. Policy experiments indicate that a work requirement on welfare receipt encourages longer employment spells and four times as much wage growth between ages 18 and 33 as a five-year lifetime welfare receipt time limit.

**“Deadbeat Dads”** (July 2009) with Shannon Seitz.

Why do some men father many children outside of marriage but not provide support? Why are single women willing to have children out of wedlock when they receive little or no support from unmarried fathers? The goal of this paper is to consider the extent to which two explanations account for the prevalence of ‘deadbeat dads’ and out of wedlock childbearing: economic opportunities, and marriage market conditions. We develop and estimate a dynamic, equilibrium model of marriage, employment, and fertility. Women prefer to have children within marriage, but if faced with a shortage of suitable spouses, it may be optimal to have children with low income men outside of marriage. If women are willing to have children outside of marriage, some men may have incentives to have children but not support them. The model is estimated using data from the National Longitudinal Survey of Youth (1979 cohort).

**“Job Tenure, Pension Type, and Job Mobility”** (Accepted for Publication, October 2009), with Kelly Haverstick, Alicia Munnell, and Mauricio Soto.

Over the last 25 years, the United States has seen a dramatic shift in the private sector away from defined benefit plans and towards defined contribution plans. While commentators constantly cite an increase in labor mobility as a major reason for the shift in the private sector from defined benefit to defined contribution plans, researchers to date have not been able to document any difference in mobility by pension type. This study argues that the inability to find such a relationship stems from ignoring the important role of job tenure. Using data from the Survey of Income and Program Participation (SIPP) and the Panel Study of Income Dynamics (PSID), the results of duration analysis that include the interaction of pension type and job tenure reveal that workers with between five to ten years of tenure at a firm are 23 percent more likely to leave a job with a defined contribution plan than with a defined benefit plan. This difference is consistent with differences in the timing of benefit level entitlement between the two types of plans.

**“Growing Pension Inequality: The Consequences of the Pension Type Shift.”** (October, 2009), with Nadia Karamcheva.

Employer-sponsored pensions are an important source of retirement income and often make the difference between having a comfortable retirement and just scraping by. Over the past two decades pension sponsorship and participation have remained relatively constant, declining slightly only in recent years. This constancy however, masks a growing inequality in terms of pension take-up and participation among different income groups. This inequality has become more pronounced as many employers have shifted their pension sponsorship from traditional defined benefit plans to defined contribution plans. This paper focuses on three issues. The first issue is the importance of private pensions as a source of retirement income, especially among low income households. The second issue pertains to the evolution of pension sponsorship and participation rates among different income groups. In particular, we focus on the decision to participate in a defined contribution plan for low income households. Finally, we examine the reason some individuals may choose not to take up a pension and how this differs across income groups.