

Framing the Economic Potential of the Dallas Area *Editorial Summary*

Overview

From 1990 to 2005, the Dallas metropolitan area grew faster than any other large U.S. metro region except metro Atlanta. That impressive display demonstrates the potential for future economic growth, but does not guarantee it. In this paper, Murdoch compares Dallas with 19 peer regions on factors linked to economic expansion. He pinpoints signs that bode well for the area, but also points out at least one significant threat to the region's economic future.

At the national level, conditions conducive to robust economic growth are well understood. Some of the most important conditions develop from the political and social environment rather than from investment in the physical means of production, such as having an educated population, democratization, trust, security, and liberty.

Historically, cities have been the center of the most intense economic activity, and their prominence as economic engines appears to be growing. However, factors associated with economic success at the metropolitan/city level are not as well understood as they are at the national level. In particular, research tends to combine data from a number of metropolitan regions, resulting in the loss of distinction between areas.

This paper takes a different path: It identifies the factors most closely linked to economic growth at the metropolitan/city level and compares the Dallas region to others of comparable size based on those variables. The intent is to identify the ways in which Dallas is well positioned and—perhaps more crucially from a public policy standpoint—the challenges that threaten the city's record as a growth leader.

Theoretical Framework

The economic academic literature provides data on the characteristics of cities that have increased economic output, as well as theories about the underlying causes for increase. Murdoch discusses the most well-documented theories, as mentioned here.

External economies of scale. Just as an individual firm may see per-unit production costs fall as production increases, a city's collective economic output may rise because of an increase in the number of firms doing business there. In theory, the clustering of varied enterprises lowers their combined costs for

items or services they all need, such as an appropriate labor force or professional services such as legal and accounting firms.

Evidence is conflicting on whether this trend is more pronounced in industrially diverse areas or in those dominated by a few core industries. The combined data suggest diversity is more often associated with robust economic growth.

Knowledge generation. In recent decades, many researchers have explored how knowledge operates as what they call a “dynamic externality” (where externality means “by-product”) in the performance of regional economies. Data strongly support the notion that as knowledge accumulates, economic performance rises, which accelerates the production of knowledge, in turn accelerating economic growth, and so on.

Richard Florida has developed a set of metrics, or indicators, designed to predict a region’s ability to attract the “creative class” of knowledge workers. It focuses on intangible qualities such as tolerance as well as tangible assets such as quality arts and cultural offerings.

Racial and ethnic diversity. Research suggests this factor, formally known as “fractionalization,” can either promote or hinder economic efficiency, depending on the context. For example, language and cultural differences may lower productivity. On the other hand, groups of people with diverse perspectives may have an advantage when solving complex problems. Some data suggest that diversity is more likely to produce benefits in highly developed economies than in more basic ones.

Quality of life. The density and intensity of urban life can be good and bad, according to most people’s preferences. On the plus side are richer cultural, entertainment, and shopping opportunities. Downsides include increased crime, traffic, and pollution. Whether the good outweighs the bad, or vice versa, depends on the way a city evolves and on the values each individual assigns to such factors.

Data and Analysis

Using *regression analysis* (a method of exploring the relationships between a set of independent variables when one dependent variable is held steady) and data derived primarily from the U.S. Census, Murdoch attempts to define the relationship between each of these factors (the independent variables) and employment growth in the 379 U.S. Metropolitan Statistical Areas and Metropolitan Divisions (the dependent variable). *Note: Many MSAs include one or more Metropolitan Divisions. Locally, Dallas is part of the Dallas–Plano–*

Irving Metropolitan Division of the larger Dallas–Fort–Worth–Arlington MSA.

The following observations emerged:

- *Size matters.* Larger metro areas tend to grow more slowly than smaller ones. Similarly, areas dominated by a few large firms tend to grow more slowly than ones with many smaller firms.
- *Manufacturing is a drag.* Economies with a high proportion of manufacturing jobs grew more slowly than those based on other economic sectors.
- *Density is a wash.* The benefits of more and better opportunities to consume tend to roughly cancel out the hassles (more crime, longer commutes, and so on).
- *Youth and education rock.* As expected, a more educated population correlates strongly with economic growth. So, too, does a younger population.
- *Diversity is problematic.* Contrary to some past analyses, the data indicate that racial and ethnic diversity correlate with slower growth at the MSA level.

Framing the Dallas Region

To assess how well the Dallas–Plano–Irving Metropolitan Division is positioned to sustain future growth, Murdoch compares Dallas' past and present performance against the 19 other MSAs or Metropolitan Divisions with populations of at least 1.5 million in 1970. On most of the variables described in the previous section, Dallas ranks well within that group.

Population growth. On this measure, which correlates strongly with economic growth, Dallas moved from 20th place in 1970 to 7th in 2005 by U.S. Census estimates.

Structure of the economy. Of the 20 areas studied, those that were most manufacturing-dependent in 1970 fared worst economically between 1970 and 2005. The areas, including Dallas, that began with the smallest manufacturing sectors, grew robustly while also seeing an increase in the share of their economies devoted to manufacturing. Dallas rose from 13th to 10th place in the share of economic production derived from manufacturing measure.

Considering the more comprehensive data showing the negative effect of reliance on manufacturing, it is possible that Dallas' experience so far represents a beneficial maturing of its economy that could eventually be problematic if trends continue.

Prisoner Reentry and Transition in Dallas, Texas

Editorial Summary

Overview

An inevitable consequence of the “get tough on crime” policies of the past two decades is the unprecedented flood of ex-inmates being released into American communities. Although the federal government spends millions of dollars on efforts to keep former inmates from returning to prison, recidivism remains high and there is little understanding of the most important factors in helping people successfully negotiate the passage from prison to life on the outside. In particular, existing research largely ignores the perspective of those with the most intimate knowledge of the challenges facing onetime inmates—the inmates themselves.

This paper aims to help fill that void. It presents the perspectives of former prisoners who now live in Dallas, Texas, and are active in a faith-based reentry program. Notably, while the state of Texas focuses its resources on placing ex-offenders in jobs, the people interviewed for this study saw greater value in other kinds of help: mandatory savings and family counseling while in prison, and drug and alcohol counseling, religious counseling, and creating a new identity after release.

Background

Nearly 2.3 million people are imprisoned in the United States, and more than 650,000 of those are in Texas, according to the most recent figures. Nationwide, roughly 600,000 inmates per year are released from state prisons; Texas accounts for almost 70,000.

It is urgent to gain an understanding of what will help the greatest number of these ex-offenders—many sentenced for drug-related crimes—to build lives as responsible, law-abiding citizens. Recidivism is distressingly common, but not inevitable. Roughly half of former inmates stay out of prison; clearly it is worthwhile, both for ex-offenders and their communities, to identify and do what is most likely to help them succeed.

Nevertheless, research does not offer a clear picture of what that might be. Numerous theories and a number of programs have been launched, but research more effectively identified what does not work rather than what does. This may be partly due to the persistent exclusion of observations and opinions of prisoners and former prisoners themselves from the academic literature about reentry.

Theories of Reentry

There are various current conceptual frameworks among theorists of prisoner reentry. The *convict perspective* says listening to prisoners and taking seriously their comments—for instance, about removing legal and policy restrictions that complicate reentry—are critical. An example of this approach is LIFERS, Inc., a program designed by former inmates that focuses on personal transformation, under the guidance of peer leaders, as the antidote to the culture of street crime.

The *life course*, or *desistance perspective*, seeks to identify internal and external factors that cause some former inmates to abstain from committing new crimes. Most people who have committed crimes choose to stop at some point. Although theorists have proposed answers—marriage and employment prominent among them—those are imperfect explanations. A better understanding would provide valuable guidance to those who create reentry programs.

The *restorative justice perspective* focuses on amends for harm done to bring mutual healing and reconnect former inmates with the community. This approach makes victims and community members partners in restoring the prisoner to the community based on embracing community norms of acceptable conduct.

Evidence-based criminology is not a reentry perspective per se, but does call for transformation—namely, of the professional attitude that says rehabilitation is impossible. Supporters argue that renewed focus on evidence will yield a picture of what works to produce successful rehabilitation and reentry.

Recent Reentry Research and Initiatives

Current experiments in prison reentry most often involve cooperation between various federal and state agencies, often focused on helping inmates prepare for and find employment upon their release. Several have included business representatives or faith-based organizations and attempt to provide continuity between the prisoner's experiences in and out of prison. In 2001, the Urban Institute launched research in four states, including Texas, to follow inmates over time as they transition back into the community.

In Texas, the largest and best known reentry effort is Project RIO (Re-Integration of Offenders), based on the belief that employment is a former inmate's best defense against returning to prison. In the 2 years before their release, Project RIO enrollees receive job training, job interview preparation, life skills training, and other instruction. Upon release, they receive follow-up

counseling, help acquiring work documents and other documents, and referrals to appropriate social services. Project RIO recruits employers to hire former inmates and maintains contact once the ex-offender starts working to address any problems that arise.

An evaluation showed that in its first year of operation (1995), Project RIO reduced recidivism. Of the high-risk offenders participating in the program, 48% returned to prison in the year after their release, compared with 57% of comparable ex-offenders who did not participate.

As noted, thorough evaluations of existing programs are rare. Existing evaluations point to vocational training and work release programs, halfway houses, cognitive and behavioral therapy, and substance abuse programs as potentially effective in aiding reentry. However, we are far from having a consistent picture of what works. There is an urgent need for much more evaluative research—especially research providing the perspective of ex-offenders themselves.

This Study: Methodology and Findings

A group of 29 ex-offenders participated in open-ended interviews designed to elicit thoughts about what they found helpful or not in their transition. All 29 were active participants in a faith-based reentry program run by an ex-inmate. Two thirds were Black, most of the others were White, and a few were Latino. Males outnumbered females by a ratio of more than 2:1. Participant age ranged from 29 to 66. More than three quarters were employed, although, interestingly, only 13% had participated in Project RIO. The interviews lasted between 35 and 45 minutes.

Researchers grouped the inmates' comments about the factors that aided reentry into categories for quantitative analysis and also transcribed them for qualitative analysis.

The factors judged “important” or “very important” in preparing prisoners for release while still in prison were mandatory savings programs (90.9%), family counseling (90.0%), individual counseling (86.7%), drug abuse counseling (83.0%), and employment fairs (76.6%).

Unfortunately, most interviewees said prison programs did not provide helpful support, especially in the anxiety-laden time right before release. The prevailing attitude was captured by one inmate who said that “they just kick you out the door,” and another who said that “the system is engineered for failure.”

The factors most cited as “important” or “very important” once prisoners return to the community were drug and alcohol counseling, religious counseling, and developing a new identity (86.7% for each), and support groups (85.6%).

Only 41% of respondents said supervision, such as parole, is “important” or “very important” to successful reentry. Instead, they tended to emphasize the need for formal or informal social supports—“someone to talk to” or “someone to encourage you.”

Conclusions

Much research is needed to create a comprehensive picture of successful reentry. Incorporating the voices of former inmates is key to that effort, as is differentiating which approaches work for which types of offenders. In particular, research should evaluate the effectiveness of reentry programs built on the desistance model. Studies should also measure the effect of removing legal barriers, such as forcing ex-offenders to reveal their prison history to prospective employers or barring them from tuition assistance programs.

In the meantime, given the magnitude and urgency of the problem, compiling directories of groups that work with ex-offenders in every city and state would be a valuable contribution to the lives of ex-offenders and those who are destined to become their neighbors.

Victoria Loe Hicks, Senior Writer for the Foundation for Community Empowerment and the J. McDonald Williams Institute.

Applying Social Capital: An Application of The World Bank Social Capital Assessment Tool (SOCAT) in a Poor, Multiethnic Urban Setting

Editorial Summary

Overview

It is clear that, as a population, people of low socioeconomic status are not as healthy as those who enjoy higher status, but it is not clear why. The relationship is complex, and many theories have been advanced to explain what factors may drive it. Among them is the theory that *social capital*—which encompasses several concepts having to do with the strength and effectiveness of relationships at the community level—influences health outcomes. This is essentially an ecological view: It suggests that resources, including money, may not influence an individual's health any more than the type and strength of relationships in the individual's community.

At least one early empirical attempt to test this theory found that measures of social capital—specifically, the incidence of memberships in volunteer organizations and the level of social trust—did show a relationship with mortality rates at the state level, independent of other variables.

That is intriguing, but several difficulties still face the researcher who would explore the relationship between health and social capital. One is the assortment of definitions of social capital, which will be briefly summarized below. The other is the difficulty of measuring social capital.

This paper has simple objectives: (1) to give an overview of social capital theories, and (2) to assess the usefulness of one of the few widely employed measures—the United Nations' Social Capital Assessment Tool, or SOCAT—by deploying it in a low-income, multiethnic urban zip code.

Theories of Social Capital

Smith-Morris and Walton discuss four theories of social capital developed by sociologists.

The *communitarian* theory proposes that as groups or communities develop shared expectations and norms, the lives of the individuals within it become more stable and satisfying. In this view, social capital always produces positive results.

The *networks* view distinguishes between *bonding* social capital, which occurs between members of a community, and *bridging* social capital, which occurs when community members establish relationships with those outside the community. Supporters of the networks theory say social capital can have either positive or negative impacts, depending on the interplay between the two types.

The *institutional* view says social capital does not develop independently in individuals but comes about because of policies and actions of institutions such as governments, which either promote or discourage productive community ties.

The *synergy* view, which arose from work done by The World Bank, draws from the *networks* and *institutional* theories. It says social capital results from complex, dynamic interactions between individuals, groups, and institutions such as governments, and may have either positive or negative consequences. Some supporters of this theory distinguish between *bridging* social capital, which links people to others outside their community who are equal in terms of influence and power, and *linking* social capital, where people develop relationships with those having considerably more or less power and influence.

Economists also study and theorize about social capital. The economic development field characterizes social capital as *structural*—formalized within organizations such as churches, volunteer groups, or companies—or *cognitive*—existing at the level of individuals' experiences and perceptions. They also categorize social capital as existing at the *micro* level of personal interaction, the *meso* level of organizations and communities, and the *macro* level of government and other societal institutions.

Using SOCAT to Measure Social Capital in a Community

To understand how social capital affects health, we must first be able to measure social capital. The World Bank has developed a way to do that. The Social Capital Assessment Tool (SOCAT) has been used in more than 25 studies and 15 countries, in both urban and rural settings. Smith-Morris and Walton decided to employ it in an inner-city urban U.S. zip code. The aim was to determine whether SOCAT could yield useful information to help researchers in other U.S. urban communities analyze the relationship between social capital and other facets of residents' lives, especially their health.

SOCAT uses a combination of tools—household surveys; focus groups; interviews with personnel in community organizations including businesses; observation; and archival research—to create a profile of the community and the individuals and organizations in it. The tools are designed to collectively measure three aspects of social capital: (1) the density of organizational memberships, (2) trust and cohesion between individuals, and (3) instances of using collective action to address community problems.

The study area was a zip code divided by a major freeway. The relatively small area west of the freeway is inhabited primarily by middle-income White residents. To the east of the freeway are a public housing development, whose

residents are primarily African American, and a neighborhood of modest single-family homes occupied primarily by Mexican American renters. The authors found it difficult to gain the cooperation of people in the White neighborhood and dropped it from the study.

Effectiveness of Using SOCAT to Measure Social Capital

SOCAT was developed for use in Third World societies, and it was not surprising that some of its techniques did not prove useful in an urban, technological society—for instance, relying on walks through the community to make contact with people or asking survey respondents about the availability of basic services such as electricity.

However, on the whole, the authors found SOCAT produced a rich and detailed snapshot of the types and extent of social capital in the neighborhoods. First, and perhaps most importantly, it helped them understand they were, in fact, dealing with two distinct communities—the housing project and the rental neighborhood—that did not conform to official boundaries such as the zip code. The demographic profile of residents as well as the types of social capital in the two areas proved quite different—demonstrating the importance of letting residents themselves judge where a given community begins and ends, as opposed to outsiders making that determination.

Specifically, people in the public housing project had access to a formal residents' council. They had confidence in the community liaison at the local elementary school, whom they viewed as an effective advocate—which was not the situation in the other neighborhood. Those facts influenced the perceptions of the two groups, with public housing residents feeling that they had more control over forces and decisions affecting their lives. The social capital in the Mexican American neighborhood came more from informal relationships; residents there were slightly more likely to give positive answers to questions designed to measure interpersonal trust and cohesion.

Overall, the authors found SOCAT to be a good tool for defining communities and assessing their existing structural (external) and cognitive (internal) social capital. It allowed researchers to distinguish between the types of social capital in the two study communities, which could be useful both in testing the impact of social capital on health outcomes and, ultimately, in shaping interventions. SOCAT also provided a subtler, welcome way of characterizing groups beyond standard demographics—race, ethnicity, age, income, educational status, and so on.

As a geographical tool, SOCAT was weak at assessing the linking or bridging social capital between members and those outside their communities.

In particular, SOCAT overlooks social networks not bounded by geography—such as cyberspace networks or groups organized because of common interest and not location.

The authors judged SOCAT and the exploration of social capital generally to be a worthwhile avenue for public health researchers. In their judgment, social capital is too complex and fluctuating to be a true predictor of health outcomes, but they are optimistic that, with further study, SOCAT as a descriptive measure will help public health practitioners understand and respond to the ecological factors that affect people's health.

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The Effect of Low Income Housing Tax Credit Units on Residential Property Values in Dallas County

Editorial Summary

Overview

Cities throughout the United States grapple with the challenge of providing adequate, fit, and affordable housing for people near the bottom of the economic ladder. Even when resources are available to fund low-income housing initiatives, it is often difficult to implement them because of objections from people who own property near the proposed sites. This phenomenon is so pervasive it has given rise to an acronym: NIMBY, short for “not in my backyard.”

Property owners often couch their objections in terms of property values. That is, they argue that putting housing targeted to low-income residents in their neighborhood will rob their properties of value. If that is true, their objections are rational. But is it true, or is it merely a truism—repeated so often that it has become accepted as fact, regardless of what evidence might show?

This study attempts to shed light on that question by examining 20 years’ worth of sales records for single-family homes in Dallas County, Texas. The data cover the period from 1985 to 2004—before and after the implementation of the Low-Income Housing Tax Credit (LIHTC) program, a strategy to increase low-income housing supply. The authors analyzed sales data for homes within 1.5 miles of housing built or rehabilitated with LIHTCs to determine whether nearer homes (within 0.5 miles) were sold for less than comparable properties in the 0.5-to-1.5-mile zone. In fact, the opposite was true: Homes closer to LIHTC properties were sold for slightly higher prices than those farther away.

Background

In 1986, federal law authorized states to issue LIHTCs to developers who built or rehabilitated housing and rented it at rates affordable to people with gross incomes equal to or less than 60% of the median for the metropolitan area. From 1987 to 2003, nearly 21,000 units of low-income housing in 133 projects were created in Dallas County using LIHTCs. The vast majority (94%) involved rehabilitating existing properties rather than new construction.

Economic theory proposes that when purchasing or renting housing, consumers place positive or negative values on a wide range of neighborhood characteristics, and those values are reflected in the prices they are willing to pay. Thus, between two comparable houses, one situated in a high-performing school district will cost more than one in a low-performing district, and one

that sits next to a landfill will cost less than one next to a public park. Proximity to low-income housing is widely assumed to be among the factors that can influence property values.

However, previous studies have found no clear relationship between several varieties of low-income housing—public housing, Section 8 vouchers, subsidized housing, and LIHTC properties—and prices of nearby homes. Some studies have found proximity to low-income housing had a negative impact, yet others have found a positive impact. In any case, most researchers focused on just a few properties, and some failed to control for all the other variables known to affect property values, such as neighborhood amenities. Collectively, findings of earlier studies suggested low-income housing was more likely to have a negative impact on surrounding values if it was poor quality and/or poorly maintained, if it was located in already distressed neighborhoods, or if large numbers of low-income units were clustered together.

Methodology and Findings

The present study is, as far as the authors know, unique in that it draws from comprehensive sales data for houses in Dallas County from 1985 to 2004, as well as comprehensive data on the creation of LIHTC projects throughout the county from 1987 to 2003.

The study incorporates data on all single-family homes sold within 1.5 miles of the sites chosen for LIHTC units, beginning 2 years before the first LIHTC units were placed in service. A statistical analysis of sales before the program began found that prices were consistent throughout the study area, once both the characteristics of each house and its surrounding neighborhood were factored in. Site-specific variables incorporated in the analysis were house size, number of bathrooms and fireplaces, home condition, and the existence of central air conditioning, a second story, an attached garage, and/or a swimming pool. Neighborhood variables were age distribution, proximity to employment centers, low-income neighborhoods, and rate of owner occupancy.

Having ascertained that prices were uniform before the introduction of LIHTC properties, the authors turned their attention to sales data for the period from 1987 to 2004. The question was: Would differences in values emerge between homes close to the LIHTC units (that is, within 0.5 miles) and those farther away that were not explained by changes in any other neighborhood or site-specific variables?

The answer was that prices were slightly higher (2.1%) among homes sold within 0.5 miles of the LIHTC units than among those farther away. Although modest, the difference is statistically significant. Again, it is important to

understand that all other changes that would be expected to affect a home's selling price (for example, the addition of another bathroom or a major employer's decision to settle nearby) were already accounted for in the model—meaning they were not responsible for the divergence in prices between the two groups (close to LIHTC units vs. farther away).

This suggests, but does not prove, that the introduction of the LIHTC units had a small positive impact on nearby values. This finding is not necessarily as counterintuitive as it may seem. Given that most LIHTC projects involved existing units, it may be that the developers who received the credits undertook significant renovations, thus improving the character of the neighborhood.

Conclusions

The effect low-income housing has on surrounding property values (if any) is too complex to determine with a single study. Existing literature already suggests effects will vary according to the characteristics of the low-income housing itself and the neighborhood in which it is located. However, this study makes a unique contribution in terms of its geographic breadth, the number of low-income units included, the richness of the home sales data, and the statistical methodology. Future studies should attempt to replicate its findings and expand the analysis to include properties other than single-family homes.

If future research confirms that introducing LIHTC or other types of low-income housing into a neighborhood does not generally depress property values, it is vital that this be communicated to government officials, developers, policymakers, and the public at large. Providing appropriate housing for low-income residents is difficult enough; opposition founded on misperception makes it even more so.

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Health Inequalities in the Era of the Knowledge Economy

Editorial Summary

Overview

People with higher incomes, more education, and more prestigious jobs tend to live longer, healthier lives. This is true throughout the industrialized world, at both the individual and society level, as public health research has demonstrated for several decades.

Today, fundamental economic structure is changing, with knowledge becoming more valuable than services (which earlier displaced industry) as the primary driver of growth and prosperity. That raises a question: How does worker health relate to the health of the economy in this new system, and what public policies will promote the health of both?

The relationship between health and socioeconomic status (commonly abbreviated SES) has been measured in numerous ways. Various theories attempt to explain the data. A 2006 study of European economies, prepared for the European Commission, offers new insights that may be especially valuable to policymakers.

Most intriguingly, the authors found a *powerful positive relationship between the level of self-employment in a society and the health of its citizens*—even in the face of frequent change in an economy where knowledge produces benefits. This suggests that policies encouraging entrepreneurship—even inside large corporations—may provide a cushion against job loss and promote a mutually beneficial cycle of individual health and group prosperity. Such policies may also address problems created by the increasing division of the workforce into highly skilled knowledge workers and unskilled service workers, who are marginalized (or excluded) because of their status.

Data and Analysis

How do income, education, and job status affect a person's physical, psychological, and emotional health? Although the relationships are complex and few have been definitively established, data at least partially support the following explanations:

Income

A person's income obviously affects the quantity and quality of goods and services—including medical services—he or she can buy. Additionally, researchers hypothesize that people who make more money have stronger

social networks (numbers and quality of relationships ranging from casual acquaintances to family members), which promotes health by reducing stress and helping them locate appropriate medical resources when needed.

On the other hand, unemployment, which produces stress in addition to limiting the ability to pay for medical care, is strongly associated with higher rates of illness and death. Some research suggests that people who become unemployed may be more vulnerable to illness for many years, even after they regain employment.

Education

Research demonstrates that highly educated people are more knowledgeable about ways to safeguard their health and about the treatments available if they become ill. Many studies have shown that being better educated reduces a person's risk of contracting or dying from a range of diseases—especially those influenced by lifestyle choices such as nutrition, activity levels, and smoking.

Of course, more educated people tend to earn more money, so both education and income are likely to have a positive impact on health.

Occupational Status

The diverse academic research in this area examines the relationship between an individual's health and what might broadly be called the quality of his or her work experience. The factors most commonly identified as damaging to workers' health are high work demands combined with very little autonomy and/or ability to make decisions. Other researchers believe the effort required to do a job compared with the rewards received influences the level of job stress and the resulting threat to worker health.

Finally, job insecurity—the real or perceived risk of losing one's job—creates stress and the risk of illness. This is a particularly important factor in the knowledge economy, where job stability is decreasing even as overall productivity and economic output increase.

Most of the data described above pertain to the experience of individual workers or specific groups of workers within specific workplaces. In order to shape policy, we must look for the “big picture”—economic *markers* (or *indicators*) that point to conditions that will positively or negatively influence personal health and economic growth. Based on a variety of analyses, but particularly the 2006 European Commission study, the following emerge as key indicators:

GDP Per Capita

Gross domestic product per capita is the basic measure of a society's prosperity. It is also the strongest predictor of overall health level of the members of that society. Higher GDP can promote better health in several ways by:

- raising individual incomes;
- making money available for medical research and the delivery of medical care;
- creating greater opportunities for education, especially the lifelong education workers need to keep pace with new technologies; and
- expanding the benefit packages associated with employment and strengthening the social safety net.

Although the level of *income inequality* in a society shows some relationship to overall health outcomes—as many theorists have said in recent years—it appears to be a less powerful predictor than simple GDP per capita.

Self-Employment

The strong relationship of self-employment levels to health is a new and potentially profound finding of the European Commission study. This finding is particularly significant for knowledge-based economies, because prominent knowledge sectors are highly compatible with entrepreneurship (such as medicine and law, retail and wholesale trade, and entertainment and restaurant enterprises).

Further, policies that promote self-employment and entrepreneurship can potentially lessen the significant disadvantages of the knowledge economy—the unbridgeable gap between skilled and unskilled workers, and the economic cycles that leave even skilled workers without jobs at times.

In theory, self-employment contributes to workers' health because it offers the autonomy (or independence) and control often lacking in corporate jobs. Self-employment contributes to the health of the economy not only directly, but indirectly by serving as an incubator for innovations and technological advances that larger corporations may later adopt.

Logically, therefore, these two factors—GDP and self-employment—appear to reinforce one another. That is, in prosperous societies, resources are available to support the creation of new small businesses; then as those businesses take hold and flourish, the economy prospers even more. Economic prosperity and the satisfaction of self-employment boost the health of workers and increase their ability to produce greater economic gains.

The Shadow Economy

Another new finding of the European Commission study is that the more economic activity takes place in the *shadow economy*—or outside the officially sanctioned structures of government support, regulation, and taxation—the lower the overall level of societal health. In other words, a society whose economic activity is supported and encouraged by the government tends to have greater health.

Policy Implications

For creating new public policy, the data described imply:

- The level of a population's health can serve as a measure of the quality of the working environment within that society or economic sector.
- Investments in human capital—education, continuing education, research and development, et cetera—should boost worker health as well as productivity.
- Policies that support entrepreneurship and self-employment should pay off on both the health and economic fronts in a variety of ways.
- Even large corporations may benefit from creating multiple, fairly autonomous divisions in response to shifting economic opportunities—especially if they help workers acquire training and skills needed to move easily from one business unit to another.

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The Disappearance of High School English Language Learners from Texas High Schools

Editorial Summary

Overview

As the United States and U.S. schools absorb growing numbers of immigrants, especially from Latin America, it is important to analyze how English language learners (ELLs)—who must learn English simultaneously while mastering subjects such as math and science—fare in Texas public schools. This paper examines the frequency with which ELLs disappear from the public school system before graduating.

The authors prefer to use the term *ELL* rather than *limited English proficient* (LEP) because it characterizes students as facing a challenge rather than being deficient. (However, some data cited in the paper use the classification LEP.) They examine disappearance—defined as the number of students who are captured in TAKS (Texas Assessment of Knowledge and Skills) records in their ninth grade year but not in the following year—rather than the notoriously difficult-to-compute dropout rate. Although students who disappear have not necessarily dropped out—they may have moved to a different jurisdiction, for instance, or enrolled in private school—the authors argue that disappearance is the least ambiguous and subject to manipulation among available measures of students' progress toward graduation.

The authors review the literature about ELL students, then present two sets of data. One, employing longitudinal data (which tracks the progress of individual students over time) from an unnamed large, urban Texas school district, finds that more than half of ELLs disappear between their 9th and 10th grade years.

The second section describes the disappearance of ELLs statewide and analyzes which characteristics—of both students and schools—appear to either curb or exacerbate disappearance rates. Interestingly, school characteristics appear to have a marked impact. For instance, ELLs who attend predominantly White, suburban schools (where resources and academic expectations are often greater) are significantly less likely to disappear than those in urban schools where the student body is primarily made up of students of color.

Background

The number of ELLs in Texas public schools grew by 158% from the 1980–1981 school year to 1996–1997, far outstripping the 30% growth of the whole student population. Although ELLs are by no means a uniform group—they differ markedly, for instance, in immigration age and amount and quality of schooling received in home countries—it is useful to study how their experience

in the Texas public school system differs from that of children who speak English fluently. This analysis has many implications for public policy, particularly in an era when a student cannot obtain a high school degree without passing a series of tests administered only in English—tests an ELL may fail regardless of how well subject matter is grasped.

A number of researchers have shown ELLs are more likely to drop out of school than English proficient (EP) students. This paper examines that phenomenon in greater detail and suggests how findings might inform both future studies and public policy.

The Case of a Large, Urban Texas District

The authors obtained individual student data covering the years from 1995 to 2002 for students enrolled in a large, urban Texas district. In 1995, the oldest student cohort captured by the data was enrolled in the ninth grade; the youngest was in the third. By 2002, three cohorts of students had progressed through high school.

Unique identifying numbers allowed the authors to know with certainty whether students progressed on schedule from grade to grade, if and when they disappeared from the district's rolls, whether they took and passed any or all of the mandated statewide achievement tests (at that time, the Texas Assessment of Academic Skills, or TAAS), and whether they qualified for graduation and actually graduated from the district. Using this data, the authors compared the experiences of ELL students (or LEP, as designated by the educational system) and fluent English speakers.

The district used math and reading TAAS scores to claim that, from 1995 to 2002, both EP and LEP students made sharp gains and the achievement gap between the two groups narrowed significantly. District figures reported more than 75% of LEP as well as EP students passed the TAAS math and reading tests administered in English in 2002.

Using the longitudinal cohort data, the authors discovered a different picture. Focusing on the cohort of 13,000 students who enrolled in the eighth grade in 1996 and progressed to the ninth grade in 1997, the authors found that only 36% of EP students and 18% of LEP students subsequently took and passed all the TAAS exit tests required for graduation. One reason for these surprisingly low numbers is that 45% of LEP students and 41% of EP students did not take the exit exams—in part, because a significant number of them disappeared from the district's rolls during their high school years. Some may have moved to other districts or private schools, but further analysis discounts any suggestion that mobility was the predominant factor.

The district reported a less than 5% dropout rate for both LEP and EP students during the period in question. However, analysis of the cohorts that entered the 9th grade in the 1996–1997, 1997–1998, and 1998–1999 school years, whose students would have been expected to graduate in 2000, 2001, and 2002, does not support these assertions. Instead, the data show that in each cohort, at least 50% of LEP students and 40% of EP students disappeared between their 9th and 10th grade years. They continued to disappear throughout their high school years, albeit at much lower rates—generally, well below 10% per year, and, by the final year, in the range of 1% or 2%.

Even if some of those who disappeared enrolled in private schools or public schools outside the district, the magnitude of the disappearance between the 9th and 10th grades can scarcely be chalked up primarily to student mobility, especially since the rate slowed so dramatically at the higher grade levels. It appears that an alarming number of students simply did not progress on schedule to the 10th grade.

Numerous studies suggest many such students never graduate from high school. That conclusion squares with this study’s finding that, of the cohort entering 9th grade in 1997, only 32.7% graduated within 5 years, including just 20.0% of LEP students. Again, even allowing that some students complete their education elsewhere, it is clear, in the authors’ words, that the district is “hemorrhaging students between the 9th and 10th grades, and the majority of students not advancing with their cohort—they were being left behind, withdrawing, or disappearing (dropping out).”

A Statewide Perspective

Rounding out the study, the authors analyze the experience of all Texas students identified as ninth graders by records of the Texas Assessment of Knowledge and Skills (TAKS) in 2004. (The TAKS test is the current assessment tool used, replacing the TAAS test.) By comparing 2004 and 2005 records, the authors determined 12.1% of EP students and 25.4% of ELLs disappeared from Texas public schools in the interval. (ELLs, identified by enrollment in English as a Second Language classes, were 8% of the total cohort.)

Statistical analyses of the demographic characteristics of ELLs and the schools they attended pinpoint several factors significantly correlated with ELL student disappearance:

- Surprisingly, low socioeconomic status appears to make an ELL less likely, rather than more likely, to disappear.
- Female students are less likely to disappear.

- Students in affluent districts were less likely to disappear.
- Students in urban districts were more likely to disappear, while students in predominantly White, suburban districts were far less likely to disappear.
- Students retained in the ninth grade were more than twice as likely to disappear as those not retained.
- Students who took both the reading and math TAKS in ninth grade (regardless of whether they passed) were less likely to disappear than those who did not take it.
- Students in the Houston region were considerably more likely to disappear than those in the Dallas and Fort Worth areas.

Conclusions

Several recommendations flow from the findings:

- Researchers should devote more attention to tracking student cohorts over time.
- The state should collect more information about ELLs, including information about educational experiences prior to entering the United States.
- More resources must go to educating ELLs through efforts such as well-designed bilingual programs.
- Relying on a single test administered in English to measure academic achievement is poor public policy. Other valid measures, including tests administered in Spanish, students' grades, and class rank, are available and should be incorporated into the accountability system.
- Proficiency in Spanish is a valuable intellectual attainment that should be recognized and rewarded.
- The accountability system should take into account educational inputs such as monetary outlays, facilities, and teacher quality, in addition to outputs such as student TAKS scores.

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