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Robert M. La Follette School of Public Affairs
UNIVERSITY OF WISCONSIN–MADISON

La Follette Policy Report

Director's Perspective

Research is Fundamental in Public Affairs

Nearly every day, I am reminded of the amazing research being done by faculty members and students at the La Follette School of Public Affairs. Their research has provided evidence-based information to policymakers for decades.

Our semiannual Policy Report has showcased a broad range of this amazing research over the past 20 years. But we don't want to rest on our laurels. To make our work more accessible to a wider audience, we have redesigned the report and plan to include research by faculty affiliates and students.

This issue highlights a small sample of recent research, including my work with doctoral student Simon Haeder about the impact of lobbying on federal regulatory changes. This work—like that of so many at La Follette—is having an immediate policy impact. For example, U.S. Sen. Elizabeth Warren and other federal lawmakers have referenced this research as they seek to understand the interplay between interest-group lobbying and regulatory decision-making.

Also at the federal level, President Barack Obama's proposed budget references research by La Follette Professor Donald Moynihan and coauthor Alexander Droll of Florida International University on federal agencies' use of performance management data. Their work is mentioned in the section that explains the government's efforts to improve analysis and management practices and raise federal performance.

Closer to home, La Follette Professor Timothy Smeeding shared his expertise with the Wisconsin Future of the Family Commission, which Gov. Scott Walker created to identify issues related to the well-being of families, develop policies that lift people out of poverty, and recommend policies to better serve families.

Meanwhile, La Follette Associate Professor Mark Copelovitch participated in a transatlantic group of leading scholars who identified the economic and political implications of the Eurozone. His work is summarized on page 4 of this Policy Report.

Our students benefit tremendously from this primary-source research, which directly informs the content we're teaching. Because we are educators *and* researchers, our students learn cutting-edge skills and knowledge. That's fundamental to a world-class institution like the University of Wisconsin-Madison.

I am honored to carry on this rich tradition and to be surrounded by colleagues who share my strong commitment to research, teaching, and public service.

Susan Yackee

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Contents

Births from Unintended Pregnancies Associated with Mother's Later-in-life Drepressive Symptoms

About one-half of all pregnancies in the United States are unintended. Numerous studies have documented the effects on the children born from these pregnancies. But researchers have largely ignored a key aspect of this issue: the health and well-being consequences for women who actually have those unwanted births.

Herd and her coauthors examine these health effects, focusing on unintended pregnancies that occurred before the Roe v. Wade decision in 1973. While about 40 percent of unintended pregnancies were terminated in the years after this decision, only a very small proportion were terminated before abortion was made legal. Given the data set that they use—the Wisconsin Longitudinal Study, a 60-year ongoing survey—Herd and colleagues are able to report on the long-term mental health effects of unwanted or mistimed pregnancies.

The authors focus on white and mostly married respondents, all of whom had at least a high school diploma. Because both the intent to become pregnant and health outcomes may be jointly determined by circumstances that existed prior to the pregnancy, the authors control for early-in-life socioeconomic conditions such as parental income and education, IQ, and personality characteristics. The mental health condition on which they focus is depression, and they are able to measure it in several ways. Of the several thousand observations of pregnancies, 34 percent were described as unintended or unwanted.

Having an unwanted or mistimed pregnancy that resulted in a birth was strongly associated with later-in-life depressive symptoms. The estimates suggest that women who carried an unwanted pregnancy to term were about 1.3 times more likely to experience a severe depressive episode than those who did not experience an unintended pregnancy. These results suggest the importance of preventing unwanted pregnancies, as well as the need to provide better mental health supports for women who experience unwanted pregnancies resulting in a birth. ◆

The Author

Pamela Herd is principal investigator of the Wisconsin Longitudinal Study and a professor of public affairs and sociology. She also is a faculty affiliate of the Institute for Research on Poverty.

Impact and Implications

Experiencing unwanted pregnancies, especially after a woman or couple has reached a desired number of children, appears to be strongly associated with poor mental health effects for women later in life. We encourage researchers and policymakers to attend to the importance of unintended pregnancies and childbearing in both their understandings of women's short- and long-term well-being and their justification for widely available clinical services that help women prevent and terminate unwanted pregnancies. The study's findings point to the need to provide better supports for women who choose to continue unwanted pregnancies to term because of the increased risk for negative mental health consequences.

Pamela Herd

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The full article was published in the *American Journal of Public Health* 2016; vol. 106, no. 3, pp. 421-429.

Evidence Supports Link Between Family's Economic Resources and Children's Noncognitive Skills

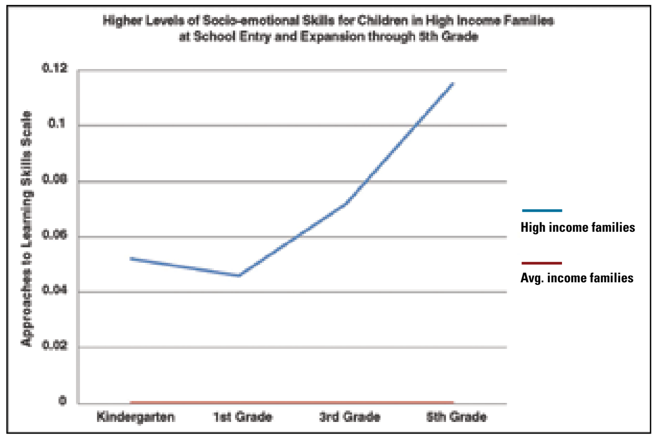
Numerous studies have documented the link between family economic resources and the success of children. That linkage appears to have several pathways, including genes, the quality and quantity of parental time investments, access to marketed goods and services, community resources, and other aspects of the home environment.

These studies typically have focused on offspring human capital, including health and school achievement. Although it is increasingly recognized that noncognitive skills (socio-emotional/personality) are likely to have a major effect on later-in-life performance, few studies have linked parental resources to offspring noncognitive skills.

In their research, Fletcher and Wolfe use a recent panel study from the United States—the Early Childhood Longitudinal Study-Kindergarten Cohort data (ECLS-K)—that tracks a national sample of children between kindergarten and fifth grade. These data allow the researchers to construct a measure of permanent family income, to include measures of school characteristics, and to measure whether any observed effects increase or decrease over time.

Their results suggest important deficits in a wide variety of socio-emotional skills at school-entry for children from low-income households (including social skills such as self-control and cooperation) and problem behaviors (impulsivity and aggression). Moreover, these deficits grow as children age.

In the five years from kindergarten to the fifth grade, the original differences by family income often have doubled or tripled in size. Males have lower scores on the Approaches to Learning scale than females—a nearly 1/3 standard deviation difference that grows as the children age. Similarly, black students enter school with lower scores on this scale, and the difference grows as the children age.



The authors speculate that family economic resources may affect noncognitive skills through parental purchase of better schooling—in addition to having a direct effect; they find evidence to support this. They also assess whether these skill differences can be explained by alternative measures of income and differences in children's health.

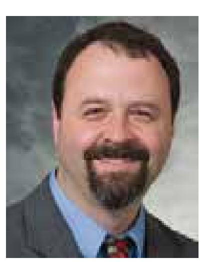
Their results are robust to these alternatives, suggesting a compelling link between family income and children's noncognitive skill development net of other factors that are independently associated with family income. They speculate that enriched preschool experiences and visiting nurse programs may be able to narrow these gaps. ◆

The Authors

Jason Fletcher is an associate professor of public affairs, and **Barbara Wolfe** is the Richard A. Esterlin Professor of Economics, Population Health Sciences, and Public Affairs. Both are affiliates of the Institute for Research on Poverty at UW-Madison.

Impact and Implications

Having evidence of the importance of family income in noncognitive skills, it is time to develop programs that more directly attempt to influence these skills as an additional pathway to attempt to break the intergenerational poverty link.


Jason Fletcher


Barbara Wolfe

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The working paper for this report is available at www.lafollette.wisc.edu/research-public-service/publications.

Understanding the Eurozone Crisis: A Political Economy Analysis

The current situation in the European Union (EU) is the most serious economic and political crisis in its history. Today, nine years after the outbreak of the global financial crisis in 2007, economic activity in the EU and the Eurozone has yet to reach its 2007 level. In Greece, the crisis is deeper and has caused more lasting economic damage than the Great Depression.

Indeed, the Euro crisis is the most serious economic crisis in the history of the EU. The current crisis is unique in that it is a financial crisis among developed countries sharing a single currency in a monetary union. Several factors have contributed to this situation.

First, there is a substantial difference in macroeconomic conditions among the Eurozone countries, highlighted by a very unbalanced pattern of capital flows and growth. Second, autonomous fiscal policy responsibility and financial regulation among the nations has led to a failure of fiscal and regulatory coordination necessary to address the growing imbalances across the Eurozone. Finally, the Eurozone is plagued by a free-rider problem—market participants anticipate that if and when financial difficulties arise in one of the Eurozone member states, the other member states will bail it out.

As in past financial crises, the Euro crisis has led to serious political conflict, including more or less open distributive conflicts, both among and within Eurozone nations over the burden of adjustment. These conflicts have powerfully affected government policies toward the Euro crisis.

Economists have provided many useful analyses of the purely economic aspects of the crisis; political scientists also have probed its political components. But a true understanding of the causes and consequences of the Euro crisis requires an integration of economic and political analyses.

Consequently, in 2014, Copelovitch and his colleagues convened a transatlantic group of leading scholars of international and comparative political economy to collaborate and present research on the political economy of the Euro crisis. Their goal was to develop a set of analyses that shed light on the politics of the Euro crisis—grounded in the robust existing literature on the political economy of international money and finance—and which would be useful for scholars of comparative politics, European integration, and international political economy.

At the domestic level, the papers in the volume illustrate the increasingly important role of mass publics and public opinion in shaping policy responses to the Euro crisis. They also highlight the increasing reach of the crisis into the domestic politics of Eurozone member states. In addition, the papers show how the underlying economic problems of the Eurozone have persisted since its inception and continue to have enormous economic and political implications today—raising the specter of a prolonged period of stagnation reminiscent of Japan since the 1990s. ◆

The Author

Mark Copelovitch is an associate professor of public affairs and political science, the Trice Faulty Scholar in Policital Science, and the Goldy Fellow at the La Follette School of Public Affairs. In 2013-14, he was a visiting scholar at the Hertie School of Governance in Berlin, Germany.

Impact and Implications

The Euro crisis is unique because it is a major financial crisis occurring within a supranational monetary union. This complicates resolution of the crisis but also makes it a useful and fascinating case for understanding how deep economic and political integration alter the domestic and international politics of financial crises.

Mark Copelovitch

Read More

This work is published in a special issue of *Comparative Political Studies* titled "The Political Economy of the Euro Crisis."

Requiring Personal Finance Courses in High School Can Benefit Young People

Young people often have a history of poor credit scores, limiting their access to loans or credit cards or increasing the interest rate that they have to pay if they are able to borrow. As a result, they are at a disadvantage in both the purchase of goods (e.g., an automobile) and investments in their own futures (e.g., college enrollment).

Policymakers concerned with this situation have implemented a number of policies designed to reduce the problem. For example, several states have passed laws that require high school students to take a personal finance course in order to graduate. As a result, it is now possible to see if high school students who take these courses have better borrowing and repayment practices—leading to higher credit scores—than those students who do not.

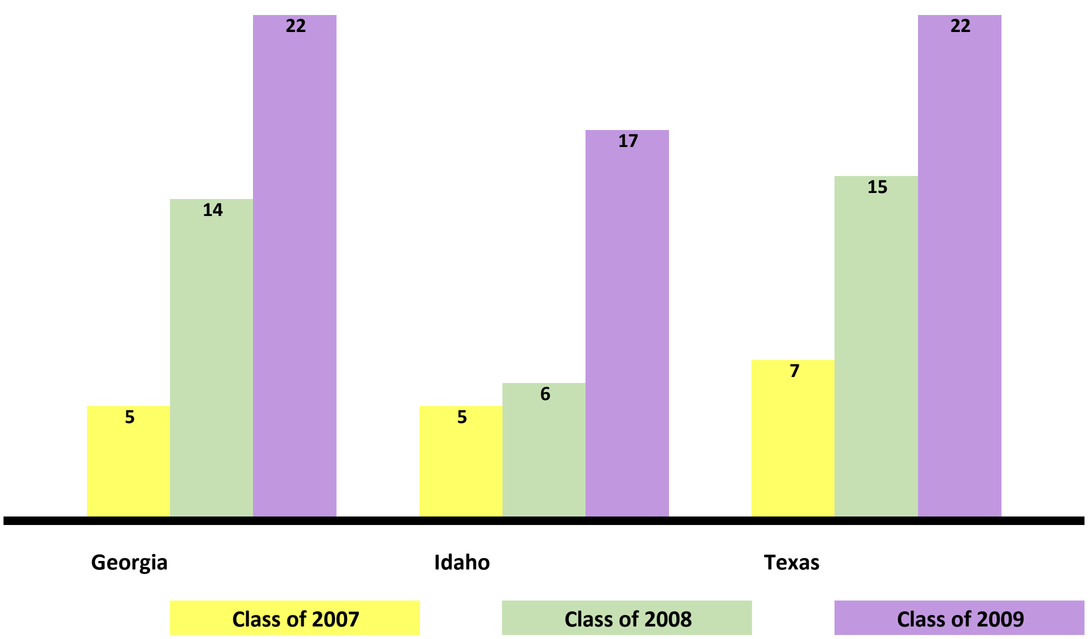
Michael Collins and his coauthors have attempted to assess the effectiveness of these required courses in increasing credit scores. In their study, they compare the credit scores of students in three states that require these high school courses to the scores of students in neighboring states that did not have this requirement.

The states chosen—Georgia, Idaho, and Texas—did not have other educational reforms that could affect credit scores; they also had bordering states that did not require a personal finance course.

The results indicate that 22-year-olds in states that did require personal finance courses had credit scores that ranged from 15 to 19 points—about 2.5 percent to 3 percent—higher than did comparable youths in the neighboring states.

These findings are statistically robust and strongly suggest that requiring personal finance courses in high school have financial benefits for young people. ◆

Higher Credit Scores over Time



The Author
J. Michael Collins is an associate professor of public affairs and human ecology, and faculty director of the Center for Financial Security at UW-Madison.

Impact and Implications
To the extention that credit behaviors are a policy goal, K-12 curricula may prove to be an effective mechanism to shift the credit trajectory of young adults.

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The working paper for this report is available at www.lafollette.wisc.edu/research-public-service/publications.

The Need for Countercyclical Energy Policy

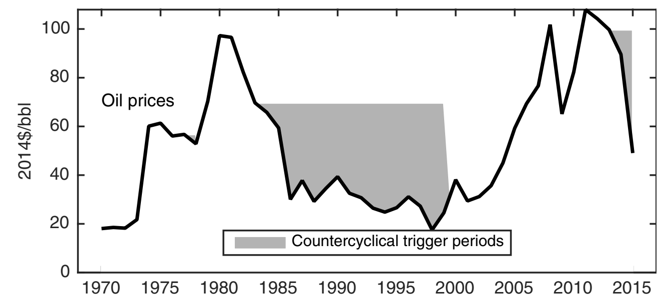
The history of U.S. energy policy is one of fits and starts, with initiatives taken largely in the face of crises. Indeed, over the past several decades, policy—for example, U.S. government investment in energy research and development (R&D)—has been marked by volatility and cycles of boom and bust. And, U.S. federal real investment in energy R&D over the past 40 years has varied by a factor of two.

This same boom-and-bust pattern has been followed in private investment in alternative energy. For example, the U.S. wind-power market went from being a $25 billion industry in 2011 to about 10 percent of that one year later. As a result, companies invest in new manufacturing facilities and worker training during the boom period only to shutter facilities and lay off workers during bust periods.

Knowledge gained from learning by doing, which has been central to improvements in many energy technologies, evaporates quickly when employees turn over rapidly. Because of this, the nation's energy system generates more adverse social impacts than would a more rational and consistent policy.

Because investments in the energy sector are large and chunky, it is often difficult to scale things up incrementally. Moreover, a primary characteristic of the energy and climate systems is that changes in them encounter long lags. Efforts to reduce the carbon load, for example, will require persistence over decades. Contrary to the adage that one should 'never let a good crisis go to waste', the nation should increase its support of investment and innovation when the perceived urgency of energy-related problems is low or receding.

In their research, Nemet and his colleagues offer a rationale for a "countercyclical" approach to energy and climate policy.



This approach requires a pre-commitment to an identified set of policies that go into effect once a set of trigger conditions are met.

Their basic proposal is for a countercyclical policy consisting of two components. First, governments establish a set of conditions that would trigger countercyclical measures. A rule that defined periods of low urgency might be one in which investment would be triggered when the average annual oil price is below the levels of the past 3 to 6 years. Such a trigger period would have existed from the mid-1980s to about 2000, a period in which the actual level of public efforts were very modest. Second, this countercyclical approach would involve a set of prescribed polices that would go into effect once the conditions are in place. The imposition of a fuels tax that rises as fuel prices fall is one such policy. Similarly, R&D investment could rise during these periods as resources (both capital and science and engineering labor) would be less expensive than in boom times.

In short, the effort is to outline an energy policy when prices are low and incentives for private investment are inadequate to avoid the inefficiencies that result when there is a crisis. ◆

The Author

Gregory Nemet is an associate professor of public affairs and environmental studies and director of the Center for Sustainability and the Global Environment in UW-Madison's Nelson Institute for Environmental Studies.

Gregory Nemet

Impact and Implications

Several indicators give the appearance that energy problems are easing for the first time in 30 years. This juncture is exactly when energy policy is needed most, when the opportunity for sound planning and long-term vision are in greatest supply.

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The full article appears in *Wiley Interdisciplinary Reviews: Climate Change* 2016, 7:1; 5–12.

Influence and the Administrative Process: Lobbying the U.S. Office of Management and Budget

The U.S. president's use of the Office and Management and Budget (OMB) to review regulations is among the most important institutional changes within the federal policymaking process in past decades. Although observers criticize OMB review for improperly injecting "politics" into what ought to be "technocratic" regulatory process, scholars know little about what drives OMB review decision-making.

In the first ever quantitative study to investigate the magnitude of policy change during OMB review, the authors studied more than 1,500 rules from 2005 to 2011. The main independent variables tap the volume of interest groups' lobbying overall and for select types of lobbying entities.

They find that more interest-group lobbying is associated with more regulatory change. They also demonstrate that when only industry groups lobby, rule change is more likely; however, the same is not true for public interest groups. Finally, when lobbying tilts strongly toward either Republican- or Democratic-leaning groups, more policy change occurs.

The Authors

Simon Haeder is a doctoral student in the Department of Political Science University of Wisconsin–Madison. **Susan Webb Yackee** is director of the La Follette School of Public Affairs and a professor of public affairs and political science.

Simon Haeder

Susan Yackee

Impact and Implications

We have a better understanding of how critical policy decisions occur during the designing of legally binding government regulation and how common interest groups' lobbying affects the U.S. president's OMB review process.

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The full article appears in the *American Political Science Review.* 2015, 109:3; 507-522.

Concensus in the lobbying messaging sent to OMB may be an important driver of interest-group influence, especially when only business interests are lobbying.

These results hold important implications for our understanding of executive power and of interest-group politics more generally. This article suggests that presidents and OMB use interest-group lobbying as a signaling mechanism, which, depending on the consensus or contentiousness present within that signal, may provide the president an opportunity to provide policy benefits or concessions to actively engaged organized interests. Consensus in the lobbying messaging sent to OMB may be an important driver of interest-group influence, especially when only business interests are lobbying. Ultimately, OMB review may serve as one of the president's key tools for controlling the bureaucracy – and for providing benefits to engaged interests. Importantly, this article's conclusions hold true for rules reviewed during George W. Bush's presidency as well as that of Barack Obama, suggesting, among other conclusions, that business interests may hold influence across Republican and Democratic administrators.

The fact that intense lobbying occurs on controversial regulations is no surprise. Yet, scholars, practitioners, and perhaps, most importantly, federal judges tasked with overseeing the regulatory process, tend to focus their attention on the relatively transparent and open "notice and comment" process used by agencies to promulgate most rules. This research suggests a clear need to expand that focus to the OMB review process for agency regulations. ◆

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