

Economics of Poverty and Discrimination
Second Midterm Exam
Fall 2006

Answer all questions. The allocation of points should serve as a guide to the amount of time you should devote to each question. Answer the questions fully but do not pad your answers. (Use the back of the sheet if necessary.) Unless the question asks explicitly about some other definition, references to *poverty* refer to the official poverty definition if the answer would differ using another definition.

1. **(3 points)** Describe the principal findings of the JTPA evaluation study.

2. **(3 points)** When evaluating job training programs, what are the problems that arise if we compare people who entered training programs with those who did not?

3. **(3 points)** Describe the trends in the proportion of teen births that are illegitimate, the birth rate to unmarried teens and the overall birth rate to **teens**.

NAME: _____

4. **(2 points)** On average, children who attended Head Start have worse outcomes in school and as adults than those who did not? Why is this not compelling evidence that Head Start is ineffective?

5. **(2 points)** People who live in high-crime neighborhoods are themselves more likely to commit crimes. Why?

6. **(5 points)** Suppose education is primarily a sorting device and that high-stakes testing raises standards.

a. Explain why those people who would have dropped out anyway are likely to be helped by high-stakes testing.

b. Explain why those people who are just barely willing to meet the new standards are hurt by high-stakes testing.

7. **(2 points)** Why might a lifetime limit on how much time someone can spend on welfare cause people to leave welfare well before they hit the time limit?