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This document summarizes:

Holzer, Harry J., Offner, Paul and Sorensen, Elaine. “Declining Employment Among Young Black Less-Educated Men: The Role of Incarceration and Child Support.” *Journal of Policy Analysis and Management* No 2, 2005: 329-350.

Through the 1980s and 1990s, employment among black males between the ages of 16 and 24 with a high school diploma or less declined, and the employment gap between black and whites/Hispanics grew. Holzer, Offner and Sorensen look at two developments that may help explain this trend: 1) the growth in the number of young black men who have been incarcerated, and 2) the increase in enforcement of child support policies.

Increased incarceration rates account for much of the decline in employment. As of 2002, 5 percent of all black men were incarcerated and 22 percent of all black men had been incarcerated—much higher than the rates for whites and Hispanics. Incarceration negatively affects employment rates by exacerbating the effect of limited work experience and weak networks. Employers are also less likely to hire ex-offenders after incarceration, and the high percentage of black men who are or have been incarcerated, may even make companies less likely to hire young black men at all. All of these factors may help to explain part of the widening gap between employment among young black men versus other groups.

The second factor the authors examine is the increasing enforcement of child support orders, which require non-custodial parents to pay child support if they have a regular income. Child support payments of low-income fathers are generally in the range of 20 to 35 percent of total income. When combined with payroll taxes, the marginal tax rate on this group is often as high as 60 to 80 percent. While the effect of this on employment rates is not clear, there is some evidence the tax burdens on this group have a negative effect on employment.

In order to combat this problem, the authors believe that state policy makers need to look both to cost-effective programs as well as broader policy changes. One suggestion is a program that provides low-income fathers with incentives such as subsidized employment opportunities. State policymakers can also look at broader changes, such as linking offenders to the job market while they are still incarcerated and reviewing the practices by which child support orders are enforced without direct evidence of potential earnings.