

Executive Summary

CENTER FOR THE FUTURE OF CHILDREN • THE DAVID and LUCILE PACKARD FOUNDATION

The Future of Children

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CHILDREN
AND
POVERTY

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Children and Poverty



ANALYSIS

- ◆ In 1995, some 20.8% of all U.S. children were classified as poor—over 14 million children, including more than 5 million children under the age of 6. In that same year, the adult poverty rate was 11.3%. In the early 1970s, the child poverty rate was approximately 15%.
- ◆ One in three children spends at least one year in poverty before reaching adulthood. For many, poverty only lasts a short while, but for more than 5% of children, poverty lasts 10 years or more.
- ◆ Children who live in single-parent families with poorly educated, relatively young, minority race (particularly African-American), or disabled adults are more likely to be poor and to experience longer-than-average poverty spells than children who do not live in such families.
- ◆ Slow growth in wages, rising inequality of earnings, and growth in the proportion of children living in mother-only families account for much of the increase in child poverty in recent years.
- ◆ Poor children are more likely than rich or middle-class children to experience material deprivation and poor health, die during childhood, score lower on standardized tests, be retained in grade, drop out of school, have out-of-wedlock births, experience violent crime, end up as poor adults, and suffer other undesirable outcomes.

- ◆ Three basic principles underlie U.S. policy toward poor children.
 - ◆ Society has a responsibility for meeting basic human needs for those who are not able to help themselves.
 - ◆ Adults who are sound in mind and body are expected to take personal responsibility for the well-being of their children.
 - ◆ Society is obligated to assure equal opportunity for all citizens.
- ◆ U.S. public assistance for poor children and their families consists of a combination of cash, tax, and in-kind (food stamps, Medicaid, Head Start, and the like) benefit programs.
 - ◆ Over the past 20 years, expenditures on in-kind programs have increased while the real value of federal cash welfare benefits (principally Aid to Families with Dependent Children [AFDC]) has declined.
 - ◆ Current policies alleviate hardships for a number of poor families, and some programs produce important benefits for children. Still, child poverty rates in the United States are higher than rates in 16 other industrialized nations.
 - ◆ The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 jeopardizes the safety net for poor children by replacing AFDC with Temporary Assistance for Needy Families (TANF), a new program whose benefits are time-limited, and by reducing food stamp benefits for families with children.
- ◆ The United States can do more to prevent and alleviate the consequences of child poverty.
 - ◆ The United States is the only Western industrialized nation that does not have some form of universal cash benefit for families raising children.
 - ◆ Public programs (such as subsidized child care and health insurance) which make it easier for working parents to provide for their children's needs should be developed further.
- ◆ The current official poverty measure is flawed. It does not reflect the effects of government benefit and tax programs and of the costs associated with employment (including child care) on families' abilities to provide for their basic needs.

RECOMMENDATIONS

RECOMMENDATION 1

Revise the official measure of poverty to better reflect policy, social, and economic changes over the past three decades. The National Research Council's recommendations, after appropriate review and modification if needed, can be used as the basis for a new measure.

RECOMMENDATION 2

Strengthen in-kind safety net programs to better meet children's needs for adequate food, housing, and medical care.

- ◆ Identify the sources of hunger and malnutrition among poor children and modify nutrition programs to better serve these children.
- ◆ Monitor the effects of cuts in the Food Stamp Program on children and restore benefits if children's nutritional status begins to deteriorate. Do not cut the Food Stamp Program further unless alternative mechanisms are put in place to meet the basic needs of poor children.
- ◆ Immediately extend Medicaid eligibility to all poor children through age 19.
- ◆ Make housing subsidies available to more very-low-income families even if it means reducing the value of the subsidy for each family.

RECOMMENDATION 3

Create a universal, refundable income tax credit of \$1,000 per year for all children through age 18. The credit could be financed in part by the elimination of the current exemption for child dependents in the federal personal income tax.

RECOMMENDATION 4

Income support programs for poor families with special health care needs should be strengthened to reflect reasonable expectations for self-sufficiency and to assure that families receive appropriate levels of support. Further research is needed to understand the relationships between poverty and disability and chronic illness in both children and adults.

RECOMMENDATION 5

Provide subsidies for child care of at least a minimum standard of quality so that all parents who are willing and able to work can achieve an income net of work-related expenses that exceeds the poverty level. Subsidies should decline with increased income and should not be tied to welfare status.

RECOMMENDATION 6

Make health care insurance available and affordable for all Americans. Provide substantial subsidies and outreach programs to low-income families with children. Subsidies to obtain employment-based coverage or a public health insurance plan should decline with increasing family income.

RECOMMENDATION 7

WIC and Head Start should be fully funded and integrated into a more comprehensive system of child care, child health, and family support services which accommodates the needs of all low-income parents.

RECOMMENDATION 8

Modestly expand housing mobility programs for families with children and carefully evaluate these programs. If replication proves successful, the programs should become a major focus of efforts to help poor children.

ARTICLE SUMMARIES**Why So Many Children Are Poor**

David M. Betson, Ph.D., and Robert T. Michael, Ph.D.

Over 14 million children were classified as poor in 1995, according to the official U.S. measure of poverty. This article explores why there are so many poor children in the United States. Growing inequality of earnings among workers coupled with stagnating real earnings have increased poverty. Education, age, and race affect the likelihood that an individual will earn enough to keep his or her family out of poverty. Demographic characteristics such as higher fertility rates among poor families and the higher prevalence of single-parent families among the poor lead to substantially higher poverty rates for children than for adults. The article also examines the validity of the official poverty measure and reviews how an alternative measure proposed by a National Research Council panel would address the official measure's shortcomings. If the panel's proposed measure were adopted, it would change the statistical picture of the population of poor children. For example, the proportion of poor children who live in families with two parents would increase as would poverty among children who live in families with at least one full-time employed adult.

The Dynamics of Childhood Poverty

Mary E. Corcoran, Ph.D., and Ajay Chaudry, M.P.P.

This article reviews current research on the incidence and duration of childhood poverty and the intergenerational transmission of poverty. This research shows that one-third of all U.S. children will be poor for at least one year during their childhood. For many, poverty lasts only a short while, but for a small percentage, poverty persists both throughout childhood and into the adult years.

Poverty is not shared equally across different demographic groups. African-American children, Latino children, and children in mother-only families are disproportionately poor. Although most poor children are white, historically almost 90% of children who experienced poverty for at least five years were African American. Both family structure and the labor market affect the duration of childhood poverty. Changes in employment of family members (job termination and employment) and changes in family composition (divorce/separation and marriage) are each strongly associated with transitions into and out of childhood poverty. Of these, changes in employment are the most important.

Continued...

The Effects of Poverty on Children

Jeanne Brooks-Gunn, Ph.D., and Greg J. Duncan, Ph.D.

Although hundreds of studies have documented the association between family poverty and children's health, achievement, and behavior, few measure the effects of the timing, depth, and duration of poverty on children, and many fail to adjust for other family characteristics (such as mother's age and schooling) that contribute to the observed correlation between poverty and child outcomes. This article reviews a recent set of studies that use detailed, longitudinal datasets to explore the relationship between poverty and child outcomes. The research shows that family income has selective but sometimes substantial effects on child and adolescent well-being. Family income appears to be more strongly related to children's ability and achievement than to their emotional outcomes. Children who live in extreme poverty or who remain poor for multiple years appear to suffer the worst outcomes. The timing of poverty also seems to be important. Although more research is needed, findings suggest that poverty during early childhood may have a larger impact on children than poverty during adolescence or teen years.

Child Poverty Can Be Reduced

Robert D. Plotnick, Ph.D.

Child poverty can be reduced by a combination of policies that help families earn more and supplement earned income with other sources of cash. This article reviews recent U.S. experience with these broad approaches to reducing child poverty and discusses lessons from abroad for U.S. policymakers. Although policies to increase earned income among low-wage workers can help, these earnings gains will not be sufficient to reduce child poverty substantially. Government income support programs, tax policy, and child support payments from absent parents can supplement earned incomes of poor families with children. Recently, Temporary Assistance for Needy Families (TANF) replaced Aid to Families with Dependent Children (AFDC) as an important income support program for low-income families with children. TANF benefits are likely to be lower than AFDC benefits. The most encouraging recent development in antipoverty policy has been the decline in the federal tax burden on poor families, primarily due to the expansion of the Earned Income Tax Credit, now the largest cash assistance program for families with children. In 1995, government programs (including the value of cash, food, housing, medical care, and taxes) decreased child poverty by 38%.

Programs That Mitigate the Effects of Poverty on Children

Barbara L. Devaney, Ph.D., Marilyn R. Ellwood, M.S.W., and John M. Love, Ph.D.

This article reviews the six major, federally funded in-kind public assistance programs (food stamps, Special Supplemental Food Program for Women, Infants, and Children [WIC], school nutrition programs [breakfast and lunch], Medicaid, housing assistance, and Head Start) that mitigate the effects of poverty on low-income children by providing basic human necessities such as food, housing, education, and health care. While each program can be improved, these programs do achieve their basic objectives. The Food Stamp Program provides food assistance nationwide to all households solely on the basis of financial need. The WIC program has helped reduce iron-deficiency anemia in infants and children and increased intake of certain nutrients. School nutrition programs provide meals that satisfy the dietary goals of breakfasts and lunches for most school-age children. The Medicaid program has extended health insurance coverage to millions of low-income children, although access to services remains a problem. Children in Head Start show enhanced cognitive, social, and physical development in the short term. Studies of the longer-term effects of Head Start are inconclusive. Housing assistance programs improve housing quality and reduce housing costs for recipients, but there is a large unmet need for acceptable, affordable housing among poor families. Additional research, especially about each program's effects over time on children's health and development, is needed.

Choosing Among Alternative Programs for Poor Children

Janet M. Currie, Ph.D.

Developing and choosing among programs for poor children is difficult because of limited information about the effects programs have on poor children and the noncomparability of different types of program benefits. This article suggests four criteria (efficiency, return on investment, incentives, and equity) for evaluating and comparing public programs for poor children and provides an overview of the patchwork of information that is currently available about eight large fed-

eral programs using these criteria. Some broad themes emerge. Several programs that target specific benefits directly to children have been shown to have positive effects on a range of outcomes. In recent years, federal support available to poor children has increasingly been provided in the form of goods and services rather than in the form of cash. More information about the effects of specific programs on children is needed before sweeping policy recommendations can be made. The article ends with policy recommendations that can be supported by the available evidence.

Comprehensive Community Initiatives: Principles, Practice, and Lessons Learned

Matthew W. Stagner, Ph.D., and M. Angela Duran, M.P.P.

Comprehensive community initiatives seek to improve the lives of children and families in communities characterized by concentrated poverty. These multifaceted initiatives attempt to both strengthen communities and improve the provision of social and other services to children and families. Examples include the settlement houses at the beginning of the 20th century, the neighborhood programs of the 1930s, and the war on poverty efforts of the 1960s. Using specific examples, this article describes key features of current comprehensive community initiatives, the limitations of efforts to evaluate them, and factors contributing to their success or failure.

Values Underpinning Poverty Programs for Children

H. Hugh Hecl, Ph.D.

This article examines the values underlying public support for poverty programs for children, including public attitudes toward children, poverty, and government. Americans view helping children as a top policy priority, but there is ambivalence with regard to poor children because of their connection to poor adults and the public's expectation that adults be self-sufficient. Rather than choosing between extreme ideological views of the causes of poverty and the ideal role of government in curbing poverty, the American public takes an integrative perspective that both values individual initiative and supports opportunity for all Americans. Favored are government programs fitted to the practical needs of everyday life.

IN EVERY ISSUE

CHILD INDICATORS: Population-Based Growth Stunting

Eugene M. Levit, Ph.D., and Nancy Kerrebrock

REVISITING THE ISSUES: Drug-Exposed Infants

Lucy Salcido Carter, J.D., and Carol S. Larson, J.D.

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