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Reducing child poverty by promoting child well-being: Identifying best practices in a time of great need

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ABSTRACT

Child poverty in the United States persists despite a range of social services designed to reduce poverty rates and improve the economic self-sufficiency of families. The economic downturns resulting in job losses and the housing crisis have converged to create a new group of families who were managing to remain out of poverty prior to the recession but are now slipping into poverty, putting additional strain on services. In light of these pressing issues, this article synthesizes the literature examining child poverty to take a long-range view of the relationship between economic strain, system involvement, and impacts on children and the systems attempting to serve these children. The effectiveness of various policy and program efforts aimed at reducing child poverty rates and/or ameliorating the negative effects of living in poverty is reviewed. The article concludes by suggesting a major shift in focus from reducing child poverty as a singular goal to a comprehensive approach to promoting child and family well-being.

1. Introduction

The recent economic downturn has drawn attention once again to the persistent problem of child poverty in the United States. Policymakers and child advocates question and debate solutions to break the vicious cycle of poverty and the impacts on healthy child development. Unfortunately, poverty rates suggest that the situation for children has not sufficiently improved in the last few years. The poverty rate for children in 2009 was 20.7% (15.5 million children), which is a 2.7% increase from 2007 and means that approximately one in five children live in poverty (DeNavas-Walt, Proctor, & Smith, 2010). Nearly 7 million children (9.3% of all children under the age of 18) live in extreme poverty as their families earn less than 50% of the poverty threshold. Overall, children represented 24.5% of the general population but 35.5% of the population in poverty and 36.3% of the population with income below 50% of the poverty threshold (DeNavas-Walt et al., 2010). Among industrialized countries and using a relative measure of poverty, which is defined as less than 50% of the median income, the United States has the second highest rate of child poverty at 21.9% (UNICEF Innocenti Research Centre, 2005). In response to the current economic crisis, this article synthesizes the multiple literature streams studying child poverty to examine the relationship between economic strain, system involvement, and impacts on child development and the systems attempting to serve these children.

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2. Recent trends in child poverty

As a result of the American Recovery and Reinvestment Act of 2009 (ARRA), many children's programs are projected to reach peak spending in 2010, after which outlays will decline. According to an annual report on federal expenditures for children, 2009 federal outlays on children rose from $298 to $334 billion due to the ARRA. In spite of this increase, the percentage of spending on children actually fell modestly as a percentage of the total budget, from 9.8 to 9.5 % (Isaacs, Steuerle, Rennane, & Macomber, 2010). In the context of this budgetary reality, the cost of child poverty to the U.S. economy is far more than the government spends to reduce or eliminate it. Holzer, Schanzenbach, Duncan, and Ludwig (2008) estimate that children who are born into or grow up in households experiencing persistent poverty have lower earnings as adults. This difference represents a 1.3% loss to the aggregate U.S. Gross Domestic Product (GDP). Further, they estimate that poverty increases the cost of crime and decreases the GDP by 1.3%, while lost "health capital" and increased health care costs for adults born into poverty represent a 1.2% loss to the GDP. Estimated losses incurred from forgone earnings, crime, and health for adults who grew up in poverty impose costs to the U.S. economy of nearly $500 billion annually.

Methods for measuring poverty are limited and do not provide an accurate picture of the situation for low-income individuals and families in this country. The poverty measure in the United States was designed to indicate serious economic need or deprivation, to develop a count of people living in poverty, and to assess the impact of anti-poverty efforts. The Federal Poverty Line (FPL) was established in the 1960s as the cost of a minimally adequate diet along with other expenses (including shelter, health care and transportation) that are adjusted for inflation (based on the Consumer Price Index). It is widely acknowledged that the FPL is inadequate as a measure of poverty (Blank, 2008; Cellini, McKernan, & Ratcliffe, 2008; Couch & Pirog, 2010), and has been criticized for having a poverty threshold based on assumptions drawn from 1955 consumption data, not accounting for the full range of resources and expenses (including in-kind benefits, tax expenses and credits, housing and other commodity costs) and only measuring poverty in absolute terms at static points in time. According to Blank (2008), Under Secretary of Commerce for Economic Affairs at the Department of Commerce, the current poverty measure does not allow for an adequate assessment of the impact of public spending on the resources and lives of low-income families.

A number of institutes have generated reports that estimate the impacts of the most recent economic downturn from sources such as unemployment data, the number of participants in the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), the rate of mortgage foreclosures, and the number of children in public schools who are now considered homeless. From 2007–2009, increases in participation due to poverty were noted across basic social service programs. An increase in the unemployment rate (Monea & Sawhill, 2009), the current mortgage foreclosure crisis and the associated increase in child homelessness are further cause for concern (Lovell & Duffield, 2010; Lovell & Isaacs, 2008; United States Interagency Council on Homelessness, 2010).

2.1. Unemployment rates

Monea and Sawhill (2009) of the Brookings Institution utilized unemployment data projections from the Congressional Budget Office (CBO), the Office of Management and Budget (OMB), and the Economist Intelligence Unit (EIU) about the likely trajectory of the current economic recession and predicted that the poverty rate will increase rapidly through 2011 or 2012, peaking when about 14.4% of the country will be in poverty. They also estimate that the number of poor children could increase by at least 5 million (between 5.4 and 6.1 million children) or 38% (from about 13 million in 2007). In the most pessimistic unemployment scenario, the authors estimate that "poverty rates would increase even more for the most disadvantaged groups, potentially reaching nearly 25% for children, 31% for Black individuals, and over 45% for single-mother families" (Monea & Sawhill, 2009, p. 11).

The recession has increased the number of unemployed parents by 67% according to Brookings Institution estimation (Lovell & Isaacs, 2010). As of December 2009, the authors estimate that 8.1 million children lived with one or two unemployed parents, and 31% of unemployed individuals are parents. The unemployment rate reached a peak of 10.1% in October 2009 and has slowly declined somewhat to 9.5% in June 2010 (U.S. Bureau of Labor Statistics, 2010). This modest decline still represents a 90% increase from the unemployment rate in December 2007 (5%).

2.2. Participation in SNAP and other benefits programs

SNAP is a federal safety-net program that provides food assistance to low-income individuals and families with monthly earnings and other income below 130% of federal poverty guidelines and no more than $2000 in their bank account. Participation is higher in families with children and/or lower income and the participation rate was recently estimated at 95% among poor families with children (Isaacs, 2009). Because of the high proportion of families with children receiving SNAP benefits, approximately 49% of all participants are children and 87% of beneficiaries are living in poverty (Isaacs, 2009). In December 2006, a year before the recession officially began, the number of individuals participating nationally in SNAP was 26.5 million (Food and Nutrition Service, U.S. Department of Food and Agriculture, 2010a). Preliminary data for May 2010 indicate that 40.8 million people are receiving food assistance through SNAP, which represents a 54% increase in the number of people participating. In a report estimating the impact of the recession on child poverty and the growth in economic need across the country, Isaacs (2009) states that there is a high correlation (0.82 based on 2008 data) between state recipiency rates of SNAP benefits and the state rate of child poverty.

SNAP is not the only benefit program that is increasing in caseload size during this recession. The National School Lunch Program (NSLP), Women, Infants and Children Program (WIC), and Temporary Aid for Needy Families (TANF) have all increased participation since the recession began. Between 2006 and 2009, participation in free or reduced price school lunches through the NSLP increased by 10%, rising from 17.7 million to 19.5 million children (based on nine month averages for the school year) (Food and Nutrition Service, U.S. Department of Food and Agriculture, 2010b). Total participation (based on monthly caseload sizes) in WIC increased from 8.4 million in December 2007 to 9.2 million in April 2010 (9%); children's participation (includes infants) increased by 11% (Food and Nutrition Service, U.S. Department of Food and Agriculture, 2010c,d). Finally, monthly caseload levels for the TANF program also increased in the two-year period between December 2007 and December 2009. Nationally, the total number of participants increased by 15% to 4.6 million, with children rising by 12.5% (Office of Family Assistance, Administration for Children & Families, 2009, 2010).

2.3. The mortgage crisis and children's homelessness

One of the most striking impacts of the economic downturn has been the mortgage crisis, which has forced children out of their homes and schools. Nationally, over two million homes were projected to be in foreclosure in 2008 and it was estimated that 1.95 million children in the U.S. were impacted by the mortgage crisis (specifically sub-prime loans that go into foreclosure and result in families losing their homes) (Lovell & Isaacs, 2008). Lovell and Isaacs (2008) further argue that the impact of the mortgage crisis is reflected in the increases in homeless students in schools across the country. During the 2007–2008 school year, school districts in 26 states reported a 17% increase in homeless students over the prior year and a 50% increase in homeless students since the beginning of the recession (Lovell & Duffield, 2010). National data reported by the United States Interagency Council on Homelessness (2010) indicates a 20% increase in the number of homeless students enrolled and a 31% increase in the number of students receiving specialized services for homeless students (McKinney-Vento sub-grants) between the 2007/08 school year and 2008/09 school year. The same report also indicated that in 2009, the number of people in families who sought services in emergency shelters or transitional housing increased by 4% over the previous year and by 13% since 2007 (United States Interagency Council on Homelessness, 2010).

3. Effects of poverty on child development

The impacts of poverty on child and adolescent development have been the interest of policy makers and researchers for several decades; the adverse effects of poverty on a young child's development have been well documented (see Brooks-Gunn & Duncan, 1997; Moore, Redd, Burkhauser, Mbwana, & Collins, 2009). For example, these adverse effects include negative educational and cognitive outcomes, social and emotional behavior problems, poor economic outcomes as adults, and poor health outcomes (Moore et al., 2009). Poverty status is related to a number of other economic risk factors such as food insecurity, parental unemployment, and homelessness that impact immediate physical development as well as long-term life