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# Children and Poverty: Analysis and Recommendations

In July 1996, as the House-Senate Conference Committee was meeting to negotiate the final version of welfare reform legislation, the Urban Institute released a study that estimated the welfare bill would increase the number of children in poverty in the United States by 1.1 million.<sup>1</sup> The study, which also concluded that the legislation would worsen living conditions for millions of other families with children, figured prominently in efforts by advocates for the poor to persuade lawmakers to vote against the bill and to bring forth a veto from President Clinton. Despite the observation by Senator Daniel Patrick Moynihan that “the issue of how many children this bill puts into poverty has great concreteness for legislators,” the welfare reform legislation was enacted and is being implemented as this journal issue goes to press.<sup>2</sup>

Attitudes toward poor children seem to have changed radically in a few short years. In 1993, the bipartisan National Commission on Children in commenting on the large population of poor children in the United States said, “The harshness of their lives and their tenuous hold on tomorrow cannot be countenanced by a wealthy nation, a caring people or a prudent society.”<sup>3</sup> Yet, in response to Senator Moynihan’s concerns about increasing poverty among children, Jacob Lew, acting director of the Office of Management and Budget, wrote, “Cash income alone does not fully reflect the value of work in ending the cycle of poverty. Children growing up in homes and communities where there is work will be far better off over the long run than children growing up in homes and communities where there is only welfare—even though a family on welfare might look better off in a poverty analysis.”<sup>2</sup>

The spring 1997 issue of *The Future of Children* focused on how children may be affected by one aspect of welfare reform—increased emphasis on employment for single mothers.<sup>4</sup> This issue examines the much broader challenge presented by the large population of poor children in the United States: more than 14 million children were classified as poor in 1995 prior to welfare reform. Many of these children will be largely untouched by wel-

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fare reform, and many others will remain poor, regardless of the changes in welfare policy, unless other conditions change substantially. The topics addressed in this journal issue include why children are poor and the dimensions of child poverty, the effects of poverty on children, and the effectiveness of U.S. policies in preventing poverty among children and in ameliorating the effects of poverty on children. Articles in this issue also explore the values underlying public policy on poverty and the use of objective criteria for choosing among programs for poor children when resources are limited. In addition, comprehensive community intervention programs designed to solve poverty-related problems within individual communities are reviewed.

The focus of this article is on the potential to devise effective public policies for children in poverty in the United States. It begins with a review of the issues surrounding the measurement of poverty. Although the United States has long relied on an official measure of poverty, that measure suffers from a number of significant inadequacies and does not support an informed public debate on public policy for poor children. Next, there is a review of the effects of poverty's many dimensions on children and the adequacy of current policies to address the needs of poor and near-poor children and their families. Finally, the article presents a set of policy recommendations that are consistent with American public attitudes toward poor families and can help mitigate the effects of poverty on America's children.

### **What Is Poverty?**

Everyone has some idea about what it means to be poor, but there is sufficient variation in the concept to make public discourse occasionally confusing and nonproductive. In this journal issue, Hugh Hecló observes that "when Americans marshal reasons for fighting poverty, the emphasis is not on income poverty . . . rather it is on poverty as a condition of misery, hopelessness, and dependency." Most policy-oriented discussions of poverty in the United States and its effects on children, however, use the official U.S. measure of poverty, a measure based on income, not only to frame the issue, but also to guide policies and programs designed to cope with poverty. The current poverty measure was developed in the 1960s and consists of a set of lines or thresholds that are compared with families' resources to determine whether or

not they are poor.<sup>5</sup> The thresholds differ by family size and composition and are adjusted annually for inflation. The measure of resources used is annual before-tax family money income (cash earnings, unemployment insurance benefits, cash benefits from other programs, and other sources of regular nonearnings cash income).

According to the official poverty measure, in 1995, some 20.8% of all U.S. children were poor (more than 14 million children, including more than 5 million preschoolers under the age of six) compared with an adult poverty rate of 11.3% in that same year and a child poverty rate of approximately 15% in the early 1970s.<sup>5</sup> Children live with adults and depend principally on those adults for their well-being. Children are poor, in large part, because

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they live with adults who are poor, so that understanding child poverty requires some understanding of adult poverty, which is largely determined by adult earnings.

Education, race, and age are factors that strongly affect hourly wages and labor force activity and, hence, adult earnings. (See the articles by Betson and Michael and by Corcoran and Chaudry in this journal issue.) Children who live with poorly educated, relatively young, or minority race (especially black) adults are more likely to be classified as poor than children who do not live in such families. The inequality of earnings among workers has increased over the past 30 years, resulting in higher poverty rates in the population and an increase in the poverty rate among those with relatively low levels of education. For two-parent families, this trend has been offset somewhat by the dramatic growth in the number of women in the workforce during the same period.

Another much-discussed factor associated with the growth in child poverty in recent years is the growth in single-parent, mother-only families. The high divorce rate and the growing rate of nonmarital births have contributed to a decline in the number of adults per child in poor families. With fewer adults, a family's earning potential is reduced, increasing the likelihood that children in these families will be poor. It is estimated that children in mother-only families are five times more likely to be poor than are children in two-parent families and that the growth in the proportion of children living in mother-only families combined with slow growth in wages and rising inequality of earnings account for much of the increase in child poverty in recent years.<sup>6</sup>

### **New Poverty Measure Needed**

The official poverty measure is important because it remains the point of reference for discussions of and research on poverty in the United States and is used to determine eligibility for many public programs designed to aid the poor. The official poverty measure has many weaknesses, which can color public discussion of child poverty policy. These weaknesses have become more consequential over time and have led to recommendations for a major revision of the measure.

One fairly consistent criticism of poverty measurement in the United States is that official poverty statistics misstate both the level and the rate of growth of the poverty population. The current poverty measure defines family resources as gross money income and does not reflect the effects of important government programs on families' total resources and, hence, their ability to provide for their needs. Because, as related by Janet Currie in this journal issue, federal expenditures on programs for poor families have shifted over time from cash payments (also called transfer payments) such as Aid to Families with Dependent Children (AFDC), which are currently counted in family money income, to in-kind benefits such as food stamps, Medicaid, and Head Start, which are not, many conservative commentators contend that the incidence of poverty has been overstated.<sup>7</sup> Others feel that the value of in-kind programs in ameliorating the effects of poverty may be inadequately appreciated as officially reported poverty levels remain high or increase despite the growth in poverty programs.<sup>8</sup>

This problem is exacerbated because the poverty level, or multiples of the poverty level, are used to qualify low-income families for many of these in-kind programs. Under the current system, families who receive in-kind program benefits by virtue of having below-poverty-level incomes may have their resources increased through the programs while their poverty status remains unchanged. In contrast, near-poor families who do not qualify for certain poverty programs because their cash incomes are too high may actually have access to fewer total resources than some poor families but nonetheless are identified as "nonpoor."<sup>9</sup> The problem of accounting for the effects of government tax and benefit programs on a family's poverty status has become so complex that the Census Bureau currently issues 15 different poverty rates reflecting alternative procedures for accounting for different programs and alternative measures of family resources.<sup>10</sup>

As described in the article by Betson and Michael, the National Research Council (NRC) of the National Academy of Sciences undertook a review of the official poverty measure in the early 1990s in response to a request from Congress. Among the issues addressed in that review were the problems of

how to treat, in measuring poverty, the value of in-kind benefits received and taxes paid by families. Other issues the panel addressed were the need to adjust for price variations across different geographic areas, for differences in health status and medical care costs, for changes in the accepted standard of living, and for differences in family size. Most important for children and families, the panel suggested that work-related expenses, including child care costs in families with young children and no caretaker adult at home, be subtracted from earnings available to meet poverty income thresholds.

Although the NRC recommendations have not yet been adopted, the implications of implementing the NRC measure for understanding the causes of poverty and its effects on children are substantial. Betson and Michael estimate that, holding the number of poor children constant and applying the poverty measure recommended by the NRC to 1992 population data, one-sixth of the children counted as poor by the new measure would not have been classified as poor by the official measure. Many more children classified as poor by the new measure reside with two parents (46% versus 36% using the old measure and 73% in the population as a whole), and the percentage of children living with at least one full-time employed parent is similarly increased. These findings suggest that more attention should be paid to the needs of low-wage, two-parent working families with children. Most important among these needs may be subsidies for child care and health insurance.

The new measure produces other changes: (1) children classified as poor by the new measure are much less likely to be in families receiving cash benefits from the government than are children classified as poor under the old measure, and (2) the depth of poverty seems to be reduced using the new measure, that is, many more poor children appear to live in families where total resources are close to poverty thresholds. These findings suggest that, despite much negative press and public opinion, the current mix of government programs for poor families is somewhat effective in meeting poor families' basic needs.

Overall, these insights suggest that modification of the official measure of poverty is

necessary to better understand the causes of poverty and the effectiveness of poverty programs and to plan more effectively to meet the challenges posed by poverty. In addition, because more than 25 government programs that provide benefits to low-income families link their eligibility standards to guidelines derived from official poverty thresholds, adoption of an improved measure of poverty could enhance the targeting of benefits to needy families.<sup>11</sup>

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## RECOMMENDATION

- The United States should revise its measure of poverty to better reflect new policy initiatives and social and economic changes over the past three decades. The NRC panel's recommendation, after appropriate review and modification, if needed, can be used as the basis for a new measure. To facilitate transition between measures, poverty statistics should be produced using both the new and old measures of poverty for at least five years. Eligibility standards for poverty programs should be modified where appropriate to reflect the new poverty measure. Transition between eligibility criteria should proceed cautiously so that truly needy families do not lose vital benefits.

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## Duration of Child Poverty

Another shortcoming of the way that poverty is measured is that current measures fail to capture important differences in children's experiences of poverty over their lifetimes. As discussed by Corcoran and Chaudry in this journal issue, it appears, based on research using data sets that follow cohorts of families over time, that the risk of experiencing poverty as a child is high. Research which followed children over a 15-year period beginning in the late 1960s found that one in three children spent at least one year in poverty. Two-thirds of these children spent less than 5 years in poverty, but for 15% of ever-poor children (5% of all children), poverty lasted 10 years or more. Poverty, for these children, was particularly severe: Average family income for a long-term poor child was only about half the official poverty threshold.

Long-term poverty was strongly related to race, family structure, parental health, and location of residence. Long-term poverty was rare for white children: less than 6% were poor for 5 or more years. In comparison, almost half of African-American children were poor for 5 or more years, 29% for 10 or more years. Overall, approximately 60% of all poor children were white, but almost 90% of those poor for 5 or more years were black. Research also reveals that children who lived with a single parent throughout their childhood, whose parents were disabled, or who lived in the South and in rural areas all had longer-than-average poverty spells.<sup>12</sup>

The research on children's experiences of long-term poverty has some important limitations. The relationship between child poverty and chronic illness and disability (including mental illness and substance abuse) among both parents and children is, as discussed below, not well understood. In addition, available research is based largely on children born in the late 1960s and early 1970s, examines trends only through 1986, and does not include the experiences of Latino and immigrant children. Because the past two decades have seen large increases in the number of Latino and immigrant children and in the number of children who live in single-parent families, it may be that the population of long-term poor children has increased in recent years and that the composition of that very disadvantaged population has changed.

### The Impact of Poverty on Children

It is not difficult to document that poor children suffer a disproportionate share of deprivation, hardship, and bad outcomes. (See Table 1 in the article by Brooks-Gunn and Duncan in this journal issue.) As Sophie Tucker once observed, "I have been poor and I have been rich. Rich is better."<sup>13</sup> Not only do poor children have access to fewer material goods than rich or middle-class children, but also they are more likely to experience poor health and to die during childhood. In school, they score lower on standardized tests and are more likely to be retained in grade and to drop out. Poor teens are more likely to have out-of-wedlock births and to experience violent crime. Finally, persistently poor children are more likely to end up as

poor adults. Public concern for poor children has focused both on their material well-being and on the relationship between poverty and important child outcomes that the public values such as success in school. However, accurately measuring the effects of poverty on many important child outcomes is a challenge.

Despite the evidence that poor children experience undesirable outcomes across a wide variety of indicators, many studies lack the precision needed to disentangle the effects on children of the array of factors other than low income associated with poverty. For example, as has been discussed, poor families are more likely to be headed by a parent who is young, single, has low educational attainment, is unemployed, and has low earnings potential. These parental attributes, separately or in combination, may account for some of the observed negative consequences of poverty for children. In addition, at any point in time, the population of poor families is a mix of families who are temporarily poor and families who have experienced chronic hardship. Although the majority of poor families are only temporarily poor, the experiences of the persistently poor fit better the stereotype of an "underclass" trapped in concentrated poverty neighborhoods, beset by high crime rates, poor schools, substance abuse, and other social pathologies. Failure to take account of the differences in the duration of poverty children experience may lead to either an under- or overestimate of the effects of poverty on children. Understanding the relationships among income, other parental characteristics, community factors, and environmental hazards and child outcomes is key to designing effective policies to ameliorate the problems of poor children. Programs that alter family income may not have intended benefits for children if the importance of family income has been misconstrued.

Children need some minimum level of resources to survive, grow, and develop normally, but many Americans appear to discount the importance to child outcomes of above-subsistence levels of income.<sup>14</sup> The recent welfare reform debate, for example, echoed some of these sentiments in the comment cited above by Office of Management and Budget Acting Director Lew to the effect that poor children would be better off if

their parents worked rather than depending on public assistance, even if the withdrawal of welfare support led to a reduction in their material well-being. These sentiments also find some support in a recently published book, *What Money Can't Buy: Family Income and Children's Life Chances*, in which sociologist Susan Mayer concludes that increasing family income above the minimum required to meet children's basic material needs is not likely to correct the problems associated with child poverty and significantly improve a child's chances for success.<sup>15</sup>

In this journal issue, Jeanne Brooks-Gunn and Greg Duncan reach somewhat different conclusions based on a review of recent research on the effects of family income on a number of child outcomes. They review studies based on large longitudinal surveys that attempt to measure the effects of income on children independent of the effects of other conditions that might be related to growing up in a poor household.

In general, Brooks-Gunn and Duncan find that family income can substantially affect child and adolescent outcomes but that the negative effects of poverty are more pronounced for some outcomes than for others and vary depending on the depth and duration of a child's exposure to poverty. Income seems to be strongly related to children's physical health, cognitive ability, and school achievement in the early grades even after controlling for a number of other parental characteristics, and these effects of income are most pronounced for children who experience persistent and extreme poverty. Brooks-Gunn and Duncan also suggest that the timing of poverty is important: low income during the preschool and early school years is more predictive of low rates of high school completion than low income during later childhood and adolescence.

Brooks-Gunn and Duncan also report that much of the beneficial effect of family income on cognitive outcomes in young children is mediated by improvements in the home environment associated with higher income. Neighborhood characteristics and environmental hazards (such as lead exposure) are other pathways through which income may influence child outcomes. Identification of these pathways

suggests alternative strategies to address some of the negative outcomes associated with child poverty.

In thinking about policies to address the problems of child poverty, it is useful to keep the areas of agreement in recent research in perspective. Almost no one believes that money and/or the material resources money can provide do not matter to children. Food, shelter, health care, and other necessities are crucial for children's well-being, and extra income can make life more enjoyable. The important question about which there is debate is whether the things that extra money, above a subsistence level of income, would buy make a big difference in child outcomes. The answer to this question is a qualified "yes." The qualification reflects the facts that income seems to have a larger, more consistent independent effect on some outcomes (such as school achievement in the early grades) than others (such as teenage childbearing) and that the timing and persistence of poverty are important factors in the size of its impact. These issues are explored further in the ensuing discussion of policies for poor children, which includes recommendations for specific interventions.

## Policy Responses to Child Poverty

Public policy for poor families with children is currently in considerable flux. As a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Aid to Families with Dependent Children (AFDC), commonly called "welfare," is being replaced by Temporary Assistance for Needy Families (TANF), a new cash assistance program. From 1935 through 1996, AFDC was the main cash assistance program for children under age 18 and their parents or caretaker relatives. AFDC assisted more than nine million children annually in recent years. AFDC targeted children who lacked financial support because one parent was absent from home, incapacitated, dead, or unemployed.

AFDC was an entitlement: all families who met eligibility rules received benefits. PRWORA ended entitlement to welfare and gave each state more flexibility in designing eligibility rules and benefit packages. TANF

benefits are time-limited (five years is the lifetime maximum time for which an adult may receive federally financed benefits, with 20% of the caseload in each state exempt from that maximum), and require recipients to work after two years. (States are, however, free to impose shorter time limits and to provide more than five years of benefits if they use their own funds.) Benefits to unmarried parents under age 18 are restricted, and benefits for most legal immigrants are eliminated. The publicly avowed purpose of PRWORA was to reform U.S. welfare policy so as to break what was seen as a cycle of dependency on welfare by poor single-parent families and to encourage parents in these families to find jobs, take more responsibility for their children, and gain increased independence and self-reliance.<sup>16</sup> (See the spring 1997 issue of *The Future of Children* on welfare to work.)

Taken in historical context, the current effort to "end welfare as we know it" is only the latest in a series of shifts in U.S. public policy toward the poor. One explanation for the cause of shifts in poverty policy over time is that American public opinion swings between alternative perspectives on the underlying source of disadvantage for poor children. As previously discussed, these perspectives have also found expression in the research on the effects of poverty on children and child outcomes. One viewpoint holds that parents' poor character, or limited physical and mental capacities, lead to both poverty and problems for their children. The other perspective emphasizes the adverse impact on children of material deprivation and parental stress caused by poverty. In the nineteenth and early-twentieth centuries, the former view led to such policies as almshouses, orphan asylums, foster care placements, and intrusive and strict supervision of single mothers who received public support to take care of their own children in their own homes.<sup>15</sup> In response to the widespread unemployment and deep poverty experienced during the Great Depression, emphasis shifted away from shielding children from the behavior of their parents to improving the material well-being of families and children by providing direct cash assistance. From the 1930s to the late 1960s, restrictions on the availability of cash support to poor families (especially single-parent, female-headed ones) were reduced,

and AFDC caseloads grew from 162,000 families in 1936 to 1,875,000 families in 1969.<sup>17</sup>

Attitudes toward poor families with children have changed again in the past 30 years. The large increase in the proportion of married mothers who work (from 40% in 1970 to 70% in 1995)<sup>18</sup> contributed to the view that employment was acceptable and expected behavior for mothers. This change in social norms, coupled with concerns that welfare discouraged work and encouraged sloth and dependency, led to a decline in support for cash welfare programs.<sup>19</sup>

As support for cash welfare programs eroded over the past 30 years, a set of programs to provide for the basic needs of the poor through in-kind rather than cash benefits evolved. The largest of these programs focused on families are the Food Stamp Program, federally subsidized housing programs, Medicaid, the Special Supplemental Food Program for Women, Infants, and Children (WIC), and Head Start. The latter three programs can provide benefits directly to children without providing for their parents as do the school lunch and breakfast programs. (These programs are described in some detail in the article by Devaney, Ellwood, and Love in this journal issue and compared with cash assistance programs in the article by Currie.)

Between 1975 and 1995, total expenditures on these in-kind programs (excluding Medicaid for the elderly and disabled) increased by 135%, in real terms, from \$40 billion to \$95 billion (1995 dollars).<sup>20</sup> In contrast, real expenditures on AFDC cash assistance to families decreased by 8% over the same period despite a 19% increase in the number of children receiving AFDC. As a result of these divergent trends in expenditures on programs for poor families, AFDC accounted for less than 20% of public expenditures on programs for nonelderly eligible poor and non-poor low-income families in recent years.<sup>21</sup> Thus, even though, as explained by Robert Plotnick in this journal issue, expenditures for TANF are likely to be less than expenditures for AFDC, the change in the cash welfare system probably will not lead to a substantial reduction in aggregate expenditures on in-kind and cash benefits for poor families. For some families, however, the consequences of these changes may be painful.

## Effectiveness of Current Programs

Contrary to much current rhetoric claiming that public programs for children do not work well, the evidence presented in this journal issue suggests that existing policies do alleviate hardships for a number of families with children and that it is possible to identify specific programs that produce important benefits for children. Of course, not all programs are equally effective or adequately funded, benefits are not equally distributed among poor families, and as highlighted in the article by Brooks-Gunn and Duncan in this journal issue, outcomes for poor children are still far from optimal.

Plotnick in this journal issue presents some evidence as to the aggregate impact of government cash, food, housing, and medical insurance programs, and taxes on child poverty. In 1995, more than 17 million children (24.2% of all children under 18 years of age) would have been classified as poor based on the cash incomes of their families alone before taking account of the effects of any government programs on family income. However, government cash benefit programs (principally AFDC) raised cash family income above the poverty level for 2.4 million of these pretransfer poor children. After also adding to cash family income the cash value of the Earned Income Tax Credit, food stamps, Medicare, Medicaid, school lunch, and housing benefits, only 10 million children (14.2%) lived in families whose combined cash income and noncash benefits were below the poverty level in 1995. Thus, 7 million children had their families' cash and in-kind income raised above the official poverty level by U.S. government policies in 1995. These policies resulted in a posttransfer, posttax poverty rate for children below the rates recorded in 1985 and 1990, and a rate almost 30% lower than the official child poverty rate (20.8%), which does not reflect the value of in-kind benefits and the EITC.

Still, a recent comparison of the child poverty rate in the United States with rates in 16 other industrialized nations found the U.S. rate to be the highest. The report found that, while on a pretransfer basis the U.S. level of child poverty was comparable to rates in a number of other countries, on average more generous transfer and tax policies in the other nations reduced child poverty

rates more. Ten of the 17 countries eliminated more than 50% of child poverty generated by their market economies through their cash transfer policies alone, and many also provided generous in-kind benefits such as free or subsidized health and child care.<sup>22</sup> Considered together, the U.S. data for 1995 and the comparison of the United States with other industrialized countries suggest that U.S. policies are effective in substantially increasing material resources for poor families with children and that the United States is doing better now than it has in the recent past but not nearly as well as many other developed countries.

## The United States Can Do More to Address the Problems of Poor Children

The evidence from international comparisons, the success—as reviewed in this journal issue—of a number of programs in the United States, and the remaining high level of unmet need and unrealized potential among the large population of poor children and families in the United States support the argument that the United States can and should do more to both prevent and alleviate the consequences of child poverty. Recent efforts to overhaul a number of government programs suggest further that there is an interest in change but that any public programs and policies will have to be consistent with American values to garner the support necessary for implementation and long-term sustainability.

As viewed by Hugh Hecl in this journal issue, three basic principles underlie U.S. policy toward the poor. The first principle is that society has a responsibility for meeting basic human needs for those who are not able to help themselves. This concept, popularly termed the “safety net,” is seen to apply particularly to children, who are not expected to be able to provide for themselves. The second principle is that adults who are sound in mind and body are expected to demonstrate independence and self-reliance, which includes taking personal responsibility for the well-being of their children. Based on these two principles, help for able-bodied adults should focus on encouraging or demanding their gainful employment, and help for children whose parents cannot provide for them is mediated by a

concern about whether such parents, if given cash assistance and left to their own devices, will do what is best for their children. This concern has, at various points in time, including the present, led to increased support for and emphasis on programs that provide benefits, typically in-kind rather than in cash, directly to children. The third principle underlying U.S. poverty policy is the responsibility of society to assure equal opportunity for all citizens. Although there is clearly much debate about what the concept of equal opportunity means (whether the focus should be on means or outcomes), there is general consensus that at least as the concept is applied to children, it relates to a reasonable chance of realizing their full potential and working toward their own individual notions of success. Although these principles are distinct and difficult to reconcile, they are not separable in the public mind—Americans generally insist on pursuing all three.

In the next sections of this article, a number of recommendations for improving public policy for poor children are presented. Because public policies to address the problems of poor children will require support from the general public, most of whom are not poor and many of whom do not have children, support for these programs will depend on their being consistent with and enforcing the values shared by most Americans. Accordingly, the three principles articulated above are used to guide the discussion. Stated as objectives, these principles become: strengthen the safety net for poor children, encourage parental responsibility, and assure equal opportunity for children. The list of potential policies and programs for poor children is almost limitless. Because space is limited here, recommendations are limited to policies that can be clearly articulated, will significantly affect a large number of poor children, have reasonable empirical support, and are consistent with these three key American principles.

### **Strengthen the Safety Net**

At present, U.S. policy uses a combination of in-kind and cash programs to provide for the basic needs of poor children. The major programs include food stamps and school nutrition programs, which address the basic need for food; a variety of housing assistance programs, which address the basic need for shel-

ter; and Medicaid, which addresses the need for health care. In addition, what was formerly AFDC and now TANF provides limited amounts of cash that can be used to supplement the in-kind programs. The Supplemental Security Income (SSI) program provides cash benefits to low-income families with disabled family members.

### **Current Programs**

The in-kind programs are reviewed in detail by Devaney, Ellwood, and Love in this journal issue. They conclude that, while each program can be improved, most do achieve their basic objectives of providing needed goods and services to poor children and families. However, given the unmet needs of some poor children in this country, the shortcomings in these programs should be addressed. With regard to the nutrition programs (food stamps and the school nutrition programs), although statistics suggest that, on average, poor children in this country are adequately nourished, there is credible evidence of hunger and inadequate nutrition among a minority of poor children, including those receiving program benefits.<sup>23</sup> Further research is needed to better identify the causes of these undesirable outcomes and to modify programs to better serve those children.

Similarly, although Medicaid has extended health insurance coverage to millions of low-income children, many remain uncovered. In particular, many older children remain uninsured under a provision of the current law that gradually phases in Medicaid coverage so that not all children through age 19 will be covered until 2002. These children should be covered immediately, particularly as unmet health care needs in this population of older adolescents are of concern not only for their own sake but also because many of these teens may themselves become parents.

The major program area that requires the most attention is housing assistance. Although the housing program has improved housing quality and reduced housing costs for some recipients, there is a large unmet need for acceptable, affordable housing among poor families. The system is also inequitable because some families receive subsidies while many others receive none. And the limited number of subsidies

may create disincentives for work. Moreover, the concentration of poor families in large public housing projects has sometimes proved dangerous for children.

Increasing expenditures on housing assistance programs for the poor might alleviate some of the large unmet need for acceptable affordable housing. But significant increases in funding for housing assistance seem unlikely because of the current focus on fiscal restraint, because these programs have long suffered from inadequate and only slowly increasing levels of funding, and because of the well-known problems with many of the current programs. An alternative approach (which could be combined with increased funding if it were available) would be to reduce the value of the average housing subsidy so that subsidies could be offered to more families. Under this approach, housing standards for subsidized units might have to be relaxed, but more families would receive benefits, and the negative work incentives implicit in the current programs would be reduced.<sup>24</sup>

At the time this article was being written, several proposals were being seriously considered that could radically change the housing assistance program by cutting the number of slots for very poor families and creating slots for moderate-income families. These proposals sought to transform crime-ridden public housing projects into desirable facilities for the working poor and also to provide additional work incentives for moderate-income families.<sup>25</sup> Whatever the merits of these proposals (and they have yet to be validated), changing the housing assistance program in this way would further undermine its value as a safety net program because the proposed changes do not provide for enough replacement housing slots for poor families who would lose priority for available slots.

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## RECOMMENDATION

■ In-kind, safety net programs need to be strengthened to better meet children's needs for adequate food, housing, and medical care. The sources of hunger and malnutrition among poor children need to be

identified and nutrition programs modified to better serve these children. Medicaid eligibility should be immediately extended to all poor children through age 19. Housing subsidies should be made available to more, not fewer very-low-income families even if it means reducing the average value of the subsidy for each family.

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## Changes to the Food Stamp Program

PRWORA changed the basic set of safety net programs for families with children in fundamental ways that jeopardize the entire safety net concept. Not only was AFDC, the former cash welfare entitlement, replaced with TANF, a restricted time-limited benefit, but also a less well-publicized part of PRWORA reduced food stamp benefits for families with children. The Food Stamp Program is the mainstay of the safety net. It is the only federal program that provides benefits to households solely on the basis of financial need. There is an inverse relationship between food stamp benefit levels and the level of household income. Hence, increases in food stamp benefits can help buffer the effects of other benefit reductions under welfare reform. Recent reductions in food stamp benefits limit the margin of support offered by the program and were a major factor behind the Urban Institute's estimate that PRWORA would move 1.1 million children into poverty.<sup>26</sup>

Changes in the Food Stamp Program will affect families with children in several ways. First, under the new law, many legal immigrants, including children, are wholly ineligible for food stamps. This provision will have a widespread impact because it will deny benefits to legal immigrant parents of children who are U.S. citizens, thus reducing total family resources for those U.S. citizen children (more than 600,000 children may be affected).<sup>27</sup> Second, the bill modifies benefit levels for a much larger group of families with children as well as for the elderly and disabled by reducing the maximum value of the monthly food stamp benefit and the real value of the various allowances and deductions which determine program eligibility and the value of benefits received by food stamp recipients. These benefit modifications are estimated by the Congressional

Budget Office to result in a \$17 billion reduction in benefits over the six-year period from 1997 through 2002.<sup>28</sup> The Center on Budget and Policy Priorities estimates that families with children will absorb two-thirds of all the reductions in the Food Stamp Program over the six years.<sup>29</sup>

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## RECOMMENDATION

■ The effects of PRWORA cuts in the Food Stamp Program on families with children should be carefully monitored and benefits restored expeditiously should it appear that the nutritional status of children in these families is deteriorating. Unless and until alternative mechanisms are put in place to guarantee that the most basic needs of poor children are met, the Food Stamp Program should not be cut further.

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### Refundable Per-Child Tax Credit

A key element missing from the safety net for children in the United States is a universal child cash benefit that could be used to meet the many essential but uncategorical needs of children and their families in a timely manner without their having to apply and qualify for a specific categorical program benefit. The United States is the only Western industrialized nation that does not have some form of universal cash benefit for families raising children. The presence of these cash benefits in other nations is one reason their child poverty rates are lower than rates in the United States.<sup>22</sup>

At present, the U.S. public support system for families with children includes a personal income tax exemption, which allows families to retain some of their income tax to help defer the costs of raising children. This tax exemption provides a greater benefit to families with high incomes and is not available to low-income families who do not pay income tax. These low-income families have had to rely on government welfare programs for help with raising their children. Because continued support from these programs is now threatened, converting the current tax exemption to a refundable tax credit would considerably strengthen the safety net for

the poorest families while also benefitting most families with dependent children.

In addition to strengthening the safety net for poor children, such a refundable tax credit has other attractive attributes. First, because it would be available to all families with children, it would not be a welfare program and would not stigmatize families according to their welfare status. Second, because it would not be lost or substantially reduced as parents enter the workforce or when earnings increase, it could serve as an important bridging benefit for families in temporary poverty while providing an important boost for families in more persistent poverty. Last, a modest tax credit (on the order of \$500 to \$1,000 per child per year) could make an important contribution to the well-being of poor families with children and not have strong incentive effects on adult fertility or employment.<sup>30</sup>

Although the precise amount of the credit should be subject to public discussion, we recommend \$1,000 per child for all children through age 18, the amount recommended by the National Commission on Children in 1990.<sup>3</sup> The credit would be indexed to account for inflation. The policy change could be financed in part by the elimination of the current income tax exemption for dependent children. Unlike the \$500 tax credit under discussion in Washington, which would not benefit poor families who do not pay income taxes, families in all tax brackets would benefit from the \$1,000 refundable tax credit, and the poorest families who pay no or little tax would benefit the most.

The total cost of the refundable tax credit recommendation would depend on the actual amount of the credit, the age of the children to which it applied, and other design features. Based on cost estimates prepared for the National Commission on Children, implementing this recommendation would cost approximately \$44 billion per year,<sup>3</sup> approximately twice the estimated cost of the nonrefundable \$500 tax credit for middle-income families proposed by the Senate Republican leadership.<sup>31</sup> Accordingly, cutting the value of the refundable credit to \$500 or restricting the credit to younger children (based on research findings that suggest income has its biggest

impact on young children) could equalize the budgetary effects of the two proposals while still providing much-needed support to poor and low-income families by making the credit refundable.

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## RECOMMENDATION

■ A universal, refundable income tax credit of \$1,000 cash per year for all children through age 18 should be created and could be financed in part by the elimination of the current exemption for child dependents in the federal personal income tax.

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### Disability and Chronic Illness

While it has long been recognized that poor health and low income are related, attention has focused recently on the implications of this relationship for children and families because of recent welfare reform legislation. Both child and adult (parent) disabilities have relevance for family well-being. Families with seriously impaired adults or children often incur high medical and other costs, and adults in these families may face special barriers to employment, self-sufficiency, and participation in training and other work-related activities because of their own limitations or the need to provide special care for their child. Adults in these families may find compliance with the new work requirements imposed in PRWORA difficult or even impossible, and their families may lose badly needed TANF cash benefits as a result.

Relatively little is known about the extent and impact of disabilities, chronic health problems, cognitive limitations, substance abuse, and behavioral dysfunction among poor families with children. A recent report by the Urban Institute estimated that, in as many as 30% of families receiving welfare, a severe chronic or disabling condition of an adult or a child may make it difficult for an adult to meet the work requirement under TANF.<sup>32</sup> A 1995 survey of California AFDC recipients (which overrepresented long-term AFDC recipients) found that more than 10% of families had at least one child with a severe chronic disability, and more than 40% of households had a child

with special needs, were headed by a disabled mother, or both.<sup>33</sup> Because of the sample from which these California data were drawn, these rates probably overestimate the prevalence of special needs among poor and welfare-dependent families. Nonetheless, as reported by Corcoran and Chaudry in this journal issue, children whose parents are disabled experience spells of poverty that are much longer than average.

The relationship between disabilities and economic hardship is complicated. In some instances, chronic illness and disability may represent a random, external shock to family well-being. In other instances, chronic illness and disability may be caused in part by poor living conditions associated with poverty. It is also possible that poor health and poverty are together symptomatic of other underlying problems (for example, substance abuse) in families. In any event, it appears that some form of additional support, in cash and/or in kind, is warranted for poor families who face the challenge of special health care needs among either parents or children.

For low-income individuals with qualifying health conditions, the Supplemental Security Income (SSI) program provides some additional support as described in the article by Robert Plotnick in this journal issue. SSI appears to have a beneficial antipoverty impact on children in families with disabled family members. Among these children, 46% were poor in 1990; however, 63% of these children would have been poor if SSI benefits were subtracted from family income. Because of a Supreme Court order changing SSI eligibility criteria for children in 1990, the number of child SSI recipients tripled to more than one million by 1996, making SSI a stronger antipoverty weapon for children. PRWORA mandated changes in SSI eligibility criteria intended to improve targeting of the program and correct abuses attributed to the expanded eligibility criteria. As a result, the Congressional Budget Office estimates that more than 300,000 children who would have qualified for SSI under past law will be denied SSI by 2002. (See the article by Plotnick in this journal issue.) It is likely that income for an important fraction of these families will fall below the poverty level as a result of this change.

Individuals cannot receive benefits from both SSI and AFDC (now TANF) at the same time, but within families, individuals may benefit from one or the other program. Benefits from one program, however, can be used to determine benefit levels for the other program with the result that changes in one program may result in program shifts for individuals eligible for both programs. Accordingly, it is difficult to estimate the overall impact of changes in these programs on poor families with children. Nonetheless, because both SSI and AFDC/TANF have been made more restrictive, the risk that some families with impaired adults or children will lose important benefits has increased.

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## RECOMMENDATION

■ Income support programs for poor families with special health care needs should be strengthened and not cut, and eligibility criteria should reflect reasonable expectations for self-sufficiency and the need for additional support. Because these families may qualify for services and support from a number of sources, (public and private, national, state, and local, and cash and in-kind), coordination of benefits may be needed to assure that the families receive appropriate levels of support. Further research is needed to understand the relationships between poverty and disability and chronic illness among both children and adults and to design programs and eligibility criteria which reflect those relationships.

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## Encourage Parental Responsibility

For many poor families with children, the proposition that parents should bear primary responsibility for the economic well-being of their children and should work to fulfill that responsibility frequently clashes with the reality of parents' personal circumstances and the opportunities available in labor markets. As documented in this journal issue, parents of poor children on average have relatively low levels of education and job skills that limit their earnings capacity and the likelihood that they will

secure stable jobs with fringe benefits. In addition, poor families with children experience a disproportionate level of disability, chronic disease, substance abuse, and mental health problems among both adults and children. Such problems can present significant impediments to labor market earnings. Finally, for many poor families, the lack of affordable, safe, and convenient child care for infants and young children, and before- and after-school care for older children, presents an important barrier to employment.

Until recent reforms, the system of benefits for poor families with children provided substantial disincentives to parental employment. Because the value of a number of benefits (AFDC, food stamps, housing subsidies, and the like) declined as earnings rose, parents who worked at low-wage jobs might have been no better off than those collecting welfare. This situation was exacerbated by the fact that, for many low-income working parents, the cost of child care can considerably reduce the amount of income available for discretionary spending. In addition, many low-wage jobs do not provide health insurance benefits, which were available to AFDC families and to most poor pregnant women and children.

The recent expansion of the Earned Income Tax Credit (available to one-child families with annual incomes up to \$25,050 and to families with two or more children and annual incomes up to \$28,495) and the increase in the minimum wage (to \$5.15 per hour) have made it easier for poor adults to raise their incomes to or above federal poverty levels by full-time employment in minimum-wage jobs. The combination of earnings and EITC works best for families with no more than two children. Because full-time earnings and the EITC typically do not increase as rapidly as the official poverty level with increasing family size, larger families will not be able to escape poverty via this route.<sup>34</sup> Implementation of the proposed \$1,000-per-child refundable tax credit would make it possible for somewhat larger families to escape poverty through work or for parents to work somewhat less and use the extra time to attend to child rearing. In addition, many families with incomes in this range maintain their eligibility for some in-kind safety net support programs.

However, most single-parent families and many two-parent families will have to purchase child care if they are to work sufficient hours to bring family incomes above the poverty level. Child care is costly—high-quality child care, even more so—and individuals in low-wage jobs may find that child care fees make work unprofitable. In fact, one of the major shortcomings of the current poverty measure (as described in the article by Betson and Michael in this journal issue) is that it does not account for the cost of child care in determining poverty status. It is clear, however, that money paid for child care is not available to meet other family needs.

### Child Care Subsidies

If parents are expected to work to support their children, it is reasonable to have public policies that make it possible for that objective to be realized. For low-income families in the United States, this will require guaranteed public subsidization of child care. A review of all the issues around access to child care is beyond the scope of this journal issue. Access to child care involves issues not only of finance but also of the differential child care needs of infants, preschool children, and school-age children, the impact of child care and early education programs on child well-being, and the need to develop high-quality child care and a child care infrastructure that will meet the variety of needs of working parents. These issues have been explored in depth in the summer/fall 1996 issue of this journal on financing child care and in the winter 1995 issue on the long-term outcomes of early childhood programs, and are addressed in this article in the discussion of the Head Start program. In addition, the importance of child care to welfare reform was addressed in the spring 1997 issue of this journal on welfare to work.

At present, a number of public programs help subsidize child care, but many are focused on the needs of families in transition from welfare to work and are therefore time-limited. Nonrefundable dependent care tax credits provide some subsidy for middle-income families with tax liabilities. What is lacking is a seamless system that provides continuous child care support to low-income families regardless of their welfare status. For reasons of equity and because large differentials create incentives to obtain

welfare to get increased benefits, child care benefits should not be greater for families who are in transition from welfare dependency than for similarly situated families without a tie to welfare programs. Which format for the subsidies (vouchers, refundable tax credits, or direct payments to providers) would be best is unclear. Each format has its benefits and shortcomings. However, the system should be administratively simple and easily accessed by low-income families. Finally, if families are expected to provide for themselves through employment, it is reasonable to separate the issues of promoting high-quality child care from the need to provide child care per se. Subsidies should be provided for all child care of minimally acceptable quality, incentives provided to upgrade quality, and consideration given to direct income supplementation for families of infants and young children who cannot access acceptable care.

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### RECOMMENDATION

- So that all parents who are willing and able to work can achieve above-poverty-level income net of work-related expenses, subsidies should be provided for child care that is at least of sufficient quality to meet minimum standards. Subsidies should defer most or all of the cost of child care for families with earnings near poverty levels and decline with increased income. Subsidies should not be tied to welfare status or be viewed as a transitional benefit between economic dependency and independence.

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### Health Insurance

To encourage and support parents who work to support their children, it will also be necessary to address the issue of health insurance coverage for low-income working families. As discussed in this issue, the Medicaid program now provides insurance coverage for most pregnant women and children with incomes up to or modestly above the poverty level. However, although some states offer free or subsidized health insurance coverage to families at higher income levels, a large number of low-income adults and children in families with incomes below

225% of the federal poverty level remain uninsured.<sup>35</sup> Many uninsured low-income children are eligible for Medicaid but not enrolled in the program. The purchase of health insurance would be an economic hardship for the families of other children despite recent reforms in the market for private health insurance. In addition, the fact that Medicaid has been available to poor children and to families on AFDC but not to many low-income but nonpoor families has been considered both inequitable and a work disincentive for poor families who may lose health insurance coverage if they accept a low-wage job without benefits.<sup>36</sup>

A number of proposals are currently under consideration both in Washington and in various states to expand health insurance coverage for children and low-income families.<sup>37</sup> Some would build on existing programs such as Medicaid or Medicare, and some would create totally new programs. Most would increase coverage for families with incomes only up to a certain level, creating the same kind of discontinuity in subsidized coverage that currently characterizes the Medicaid program. A better solution would be to provide subsidies to cover children (and perhaps families), which would decline gradually with rising income. The subsidies could be used to purchase employment-based coverage for families who have that option available to them or a government-sponsored Medicaid or Medicare policy for families who do not have access to private employment-based coverage.

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## RECOMMENDATION

■ Health care insurance should be available and affordable for all Americans regardless of income, health, or employment status. Substantial subsidies and outreach programs should be provided to low-income families with children so that they will be able to take advantage of available health insurance programs. Subsidies should decline with increasing family income. Families should be able to use the subsidies to obtain employment-based coverage or a public health insurance plan if employment-based coverage is not available.

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## Child Support

Because more than 60% of poor children live in single-parent households, the goal that parents be responsible for their children leads to consideration of the use of resources from absent parents to support their children. However, as discussed by Plotnick in this journal issue, although Congress has passed several major laws in the past 20 years designed to help custodial parents secure and enforce child support from noncustodial parents, the impact of these actions on child poverty has been very limited. Practical problems such as reluctance of some mothers to cooperate with authorities, difficulties in tracking absent parents, and the very low earnings of many absent parents have limited the impact of the programs: only 6% of pretransfer poor mother-only families were lifted over the poverty line by child support in 1993. (See the article by Plotnick in this journal issue.)

A number of proposals could theoretically increase the value of child support benefits to poor children.<sup>38</sup> The most important of these would have the government guarantee custodial parents a minimum benefit. These reforms and proposals, if fully implemented, may increase the income of many single-parent families; however, they will not eliminate the need for other interventions to help poor single-parent families and will not benefit the 40% of poor children who live in two-parent households. Moreover, problems with enforcement remain a real concern; therefore, child support programs are likely to be of only limited value in addressing child poverty. The other policies recommended, such as the refundable tax credit and universal child care subsidies, are more likely to have a positive impact on a majority of poor families with children.

## Assure Equal Opportunity

Because poor children are disadvantaged in so many ways, a myriad of programs have been developed and proposed to improve their circumstances and the likelihood that they will develop to their full potential. In this section, the focus is on three particularly promising interventions that have the potential to improve outcomes significantly for a large number of poor children, have been evaluated and found effective, and are being implemented, albeit on a limited scale. The

latter criterion is evidence that these programs are possible, practical, and affordable and already have a base of support. The specific recommendations include expansion of the WIC and Head Start programs and more widespread implementation of housing mobility programs for residents of concentrated poverty neighborhoods.

### WIC and Head Start

The Special Supplemental Food Program for Women, Infants, and Children (WIC) and the Head Start program are reviewed from different perspectives in the articles by Devaney, Ellwood, and Love and by Currie in this journal issue. Head Start, one of the few surviving programs from the war on poverty, was created to provide educational, social, health, and mental health services to disadvantaged preschool children. WIC is nearly as old as Head Start and was designed to address evidence of malnutrition and related health problems among low-income pregnant women and children. Both programs serve an important role in integrating and coordinating programs for poor children—WIC through its education and social service referral functions and Head Start through the linkage of health care services to its child development program. Although both programs have expanded over the years, neither is an entitlement, each is limited by federal spending limits, and both can serve only as many eligible beneficiaries as their budgets allow.

Both programs have been evaluated many times. WIC has generally been found to be effective in improving the nutritional and health status of infants. Head Start is considered to be effective in improving the cognitive and socioemotional development of children and also to have a favorable effect on poor children's access to health care. A recent General Accounting Office report, however, concluded that the body of research on Head Start was inadequate for use in drawing conclusions about the overall national impact of Head Start on school readiness or access to health services.<sup>39</sup> This conclusion has been disputed by the Inspector General of the Department of Health and Human Services. In addition, as reported in the winter 1995 issue of *The Future of Children*, which explored the long-term outcomes of early childhood programs, comprehensive reviews of longitudinal stud-

ies of early childhood programs (many of which have features in common with Head Start) have demonstrated positive effects on outcomes such as school achievement, grade retention, placement in special education, and social adjustment.<sup>40</sup> Overall, the various research and evaluation findings support expansion of WIC and Head Start or Head Start-like early childhood enrichment programs so that they can serve all eligible (poor or nonpoor) children and families.

Expansion of these programs so that they can serve all eligible children and families will require more than larger budget allocations.<sup>41</sup> The programs will also have to address design and implementation problems. At present, WIC covers most eligible infants and a smaller proportion of eligible children one to four years of age. Whether WIC, as currently designed, will be as beneficial for these older children as it seems to be for infants remains to be determined. In addition, with increased emphasis on parental employment growing out of welfare reform, WIC programs and health care and other provider agencies, which are the object of WIC referrals, may have to adjust their procedures and hours of operation to accommodate working mothers.

Issues of accommodation to changes in the lives of poor families present even more of a challenge to Head Start. Current funding levels provide enrollment for only about one-third of eligible children. Accordingly, fully funding Head Start would require a substantial increase in program size. In addition, the vast majority of Head Start programs offer center-based, part-day, part-year programs. Such models are of limited value for working parents who require full-day, full-year, and perhaps odd-hours child care.

Since Head Start was established, the provision of early care and education services for young children has grown tremendously. These services are funded from a variety of different sources and serve different groups of beneficiaries and different purposes. Accordingly, collaboration and coordination among these programs to provide full-day, full-year services for children whose parents are working in conjunction with the comprehensive developmentally enriched package provided by Head Start is

a challenge that must be addressed if the program is to effectively serve the needs of disadvantaged children of working parents. A number of Head Start and child care programs have developed models to meet this challenge.<sup>42</sup> One promising model uses a wrap-in approach in which Head Start grantees contract with other child care providers to offer the set of Head Start services in traditional child care settings, but other models might be more appropriate in different situations. Whether Head Start should retain a separate identity in a more integrated child care delivery system that provides an enriched basket of services for all poor and near-poor children remains to be determined.

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## RECOMMENDATION

■ WIC and Head Start should be fully funded and integrated into a more comprehensive system of child care, child health, and family support services that accommodates the needs of parents who are employed as well as the needs of those who are not employed.

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### Housing Mobility Programs

Fewer than one in five poor families live in urban areas characterized by extreme and concentrated poverty. Yet, the multitude of problems (joblessness, out-of-wedlock births, substance abuse, crime and violence, environmental hazards, poor schools, and lack of other services) faced by families in these extreme-poverty neighborhoods present one of the most serious challenges to social policy in the United States today. A number of programs for poor children and their families attempt to address many of these problems but with only limited success. (See the article by Stagner and Duran in this journal issue for some examples of comprehensive community intervention programs.) An alternative approach, which has been tried on a limited basis in several large metropolitan areas, involves housing mobility programs for families with children. Housing mobility programs provide eligible families with vouchers that can be used to subsidize rentals in private sector housing and

encourage them to move to middle-income neighborhoods.<sup>43</sup>

To date, housing mobility programs have been used as an alternative to building more public housing in extreme poverty areas and in response to court orders growing out of civil rights litigation. Limited evaluations have shown that children in mobility programs are less likely to drop out of school, to become single teenage parents, to commit crimes, or to become victims of crime, and are more likely to gain employment than similar children who do not participate. Families tend to prefer their new neighborhoods primarily because of reduced exposure to crime and violence and access to better schools. The change does not usually allow a family to become fully self-sufficient, but the effects on the children appear to be real.

Program costs are modest. Counseling of mobility families costs about \$1,000 per household, and rentals in destination neighborhoods are 10% to 15% higher than in sending neighborhoods. Especially in families with several children, the marginal programmatic cost per child is low for the potential benefits.

Several caveats are relevant to the recommendation that housing mobility programs be expanded. First, only about 12,000 families have participated in these programs nationwide so expanding these activities will require a significant change in national policy. Second, successful replication of small, locally successful programs on a national scale is always a challenge, and frequently it is difficult to achieve the same level of positive outcomes as programs expand. Third, families that take advantage of mobility programs are a selected subset of all families in extreme-poverty neighborhoods. These families may have achieved better outcomes for their children even if they were unable to move. Fourth, the impact of these programs on the neighborhoods from which families emigrate has yet to be assessed. On the other hand, placing persistently poor families in middle-class neighborhoods can be an efficient way of unobtrusively transferring many tangible and intangible resources (good schools, parks and recreation, libraries, physically safe environments, positive role models, and the like) to persistently poor children.

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## RECOMMENDATION

■ Housing mobility programs for families with children should be modestly but steadily expanded and carefully evaluated. If replication proves successful, these programs should become a major focus of efforts to help poor children.

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## Conclusion

The problems of poverty in the United States have proven to be persistent and difficult to solve. This article has focused on policies that have the potential to ameliorate, but not necessarily eliminate, the problems of poverty for a large number of children in the United States. Most of the recommendations encompass actions that would likely prove beneficial in the short- as well as the long run. Where children are involved, it is hard to overestimate the value of short-run solutions. Five years is a long time in the development of a young child.

More could be done over a longer time horizon for poor children and their parents, and to address the conditions that lead to child poverty. For example, single-parenthood and declining wages for poorly educated adults, key factors in the growth in child poverty in recent years, have been hard problems to solve. Nonetheless, policies to reduce childbearing among single young women and to upgrade the job skills of working-age adults might reverse or, at least, slow the upward trend in pretransfer poverty. Similarly, programs to improve parenting skills and the home environment, boost the quality of child care and schools, and assure safe environments would benefit poor (as well as nonpoor) children. Comprehensive community initiatives, as described by Stagner and Duran in this journal issue, have the potential to improve circumstances across a set of conditions for both children and adults. The challenge is

that it is easier to stipulate desirable goals than to design, implement, evaluate, finance, and sustain effective programs.

Although there may be some truth to the old adage that “the poor will always be with us,” the evidence suggests that the problems of poor children can be made tractable. It will be necessary to move steadily ahead but also to take time to evaluate progress and modify the course as warranted by the evidence. In the face of fiscal constraints, it may be necessary to set priorities. The article by Janet Currie in this journal issue describes how the criteria of efficiency, investment, incentives, and equity, built on in this article, can be used to choose among programs. In addition, it may be possible to improve some programs, such as housing, without a substantial increase in expenditures.

Prioritization according to the focus of current public attention may also be a reasonable strategy. This would suggest a focus on subsidized child care and expanded health insurance to support welfare reform and attention to strengthening the safety net. Finally, expectations should be kept realistic, if not modest, particularly if only a limited child poverty policy agenda can be attempted. Observation of the current political scene suggests that distrust in government and the feeling that nothing works are reactions to unrealistic expectations created by the overselling of previous programs by their promoters and an overemphasis on their shortcomings by those who advocate change.<sup>44</sup>

Eugene M. Lewit, Ph.D.

Donna L. Terman, J.D.

Richard E. Behrman, M.D.

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