



**THE RECESSION'S ONGOING
IMPACT ON CHILDREN, 2012**
Indicators of Children's Economic Well-Being

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December 2012





EXECUTIVE SUMMARY

Economic conditions for children today are similar to those of a year ago—and much worse than they were in 2007. Millions of families with children have not yet regained ground lost during the recession.

The impact of the recession on children can be hard to see. Some economic statistics ignore children, while others come out with a long time delay. This third annual issue brief by Urban Institute researchers Julia Isaacs and Olivia Healy provides nearly “real-time” tracking of the recession’s impact on children through three state-by-state measures of children’s economic well-being from 2007 through 2012: children with an unemployed parent, individuals receiving nutrition assistance benefits, and child poverty.

Children with an Unemployed Parent

An estimated 6.3 million children under the age of 18 are living in families with an unemployed parent during an average month of 2012, based on data through the first nine months of the year. While slightly below the 7 million figure for last year, this is still much higher than five years ago, before the recession. Further, 2.8 million of these children are living with a parent who has been looking for work for six months or longer. Children in California, Nevada, Rhode Island, and the District of Columbia are particularly likely to be living with parents who have been out of work for six months or longer. These children are at risk of financial hardship while their parents are unemployed for such a long time. Even after unemployment ends, parental job loss can have negative effects on children, through effects on parents' long-term earnings and on children's academic success.

Individuals Receiving SNAP Benefits

More than one in seven Americans, or 46.4 million people, are now receiving food stamps (called Supplemental Nutrition Assistance Program or SNAP benefits), 20.2 million more than in the first half of 2007. Caseloads grew modestly last year, by 4 percent, but have grown by 77 percent over the past five years. Eleven states have seen a doubling of caseloads, with the highest growth rates in Florida, Idaho, and Nevada. While the program is open to individuals of all ages (provided they have incomes of less than 130 percent of the federal poverty level), families with children are the most likely to apply. Almost half of participants receiving SNAP benefits are children, leading to the startling statistic that more than one in four children—21.6 million nationwide—now receive SNAP benefits.

Child Poverty

More than 16 million children were poor in 2011, representing a child poverty rate of 22.5 percent, according to data from the American Community Survey. Using state-specific data on unemployment rates and SNAP caseloads, the authors predict that child poverty will remain at a similar level in 2012. In other words, more than one in five children are growing up in families with very low incomes (less than \$18,000 for a family of three in 2011). Child poverty was lower before the recession—18.0 percent—but still high compared to poverty rates in other countries. Child



poverty varies dramatically by state, with rates reaching 30 percent or higher in Mississippi, New Mexico and the District of Columbia.

There has not been much change in children's economic well-being over the past year. While the number of children with unemployed parents is down somewhat, the number of children receiving SNAP benefits is up somewhat, and little change is predicted for child poverty. All three indicators show a sharp deterioration in economic circumstances when compared with conditions before the recession. While all states show this economic decline, it has been particularly strong in certain states. As policymakers engage in debates about government spending, it is important to recognize that many families with children have not yet recovered from the recession and would be adversely affected by cuts in the safety net.

INTRODUCTION

The country is slowly emerging from the Great Recession, the longest period of economic downturn since the Great Depression of the 1930s. During the first nine months of 2012, the national unemployment rate averaged 8.2 percent—a rate that is high, although down from the 9.0 percent average in 2011 and the peak of 10.1 percent in October 2009.

While the recession is technically over, our nation's children continue to be negatively impacted by its lingering effects. Children in every state are experiencing the effects of the recession, with children in some states hit harder than others.

The impact of the recession on children can be hard to see. Unemployment statistics released by the Bureau of Labor Statistics rarely mention the millions of children living in families with unemployed parents. And while poverty statistics include child poverty rates, there is a significant time lag in their release. For example, child poverty rates for 2012 will not be released until September 2013.

Many policymakers and child advocates would prefer more current measures of child poverty and economic hardship, in order to assess the needs of children and their families in real time. This brief responds by providing updated statistics on three indicators of child economic well-being: children with an unemployed parent, individuals receiving nutrition assistance benefits, and child poverty. These indicators are tracked for all 50 states and the District of Columbia (hereafter referred to as a state), using the most up-to-date information, including the authors' predictions for child poverty in 2012.¹

NUMBER OF CHILDREN WITH AN UNEMPLOYED PARENT REMAINS HIGH, DESPITE SOME IMPROVEMENT

Unemployment averaged 8.2 percent in the first nine months of 2012, leaving an average monthly count of 12.9 million Americans out of work. Parents make up 29 percent of these unemployed individuals, resulting in millions of children with unemployed parents.



Parental job loss can harm children in several different ways. Most obviously, sharp declines in family income can lead to economic hardship and poverty, particularly if the family's income was low before the job loss or if unemployment lasts for a long period. In addition, unemployed parents often experience psychological distress, which tends to diminish their parenting capacity and can lead to child abuse in some cases.² Negative effects on children can persist long after the period of unemployment ends, with effects seen on grade repetition and educational attainment, the child's aspirations for his or her own future success in the labor market, and the child's earnings upon reaching adulthood.³

An estimated 6.3 million children under the age of 18 are living in families with an unemployed parent during an average month of 2012, based on data through the first nine months of the year. While the number has dropped from last year, when 7.0 million children lived with parents looking for work, it is still much higher than before the recession, when 3.5 million children lived with an unemployed parent (in 2007 as shown in Table 1A). To put these numbers in perspective, 9 percent of children in the United States are still living with unemployed parents, compared with 5 percent before the recession.

Every state has more children with unemployed parents now than before the recession started. In a dozen states, there are more than twice as many children with unemployed parents now compared to five years ago (the states with growth rates of more than 100 percent, as shown in Table 1A). The share of children living with an unemployed parent ranges from 4 percent in North Dakota to 13 percent in Rhode Island.

Of particular concern is the dramatic growth in unemployment spells that last six months or longer. There has been a nearly four-fold increase in the number of children living with long-term unemployed parents, from 754,000 in 2007 to 2.8 million in 2012. Almost half (45 percent) of children living with unemployed parents have seen their parents out of work for six months or longer. California, Nevada, Rhode Island and the District of Columbia have particularly high percentages of children living with parents who have been looking for work for six months or longer (5.6 to 7.8 percent in these areas, compared to 4 percent nationwide).

NUTRITION ASSISTANCE NEED REMAINS HIGH IN 2012

As the economy has worsened in the past few years, more Americans have turned to food stamps, or what are now called Supplemental Nutrition Assistance Program (SNAP) benefits, to help meet their grocery bills. The old paper food stamps have been replaced by plastic electronic benefit cards, which function like debit cards but can be used only to purchase food in grocery stores. Between June 2007 and June 2012, the number of people receiving nutrition assistance benefits grew by 77 percent, or 20.2 million people, as monthly caseloads averaged over the first six months of the year increased from 26.2 million to 46.4 million participants. By 2012, more than one in seven Americans—15 percent—received SNAP benefits, a dramatic increase from 9 percent in 2007.


Table 1A. Children with Unemployed Parents Before and After the Recession

State	Number			% Growth	Percent	
	2007	2011	2012	2007-2012	2007	2012
Alabama	42,300	108,500	121,900	188%	4%	11%
Alaska	10,600	11,900	12,000	13	6	7
Arizona	68,800	145,500	108,200	57	4	7
Arkansas	39,200	57,700	51,600	32	6	8
California	535,900	1,158,900	1,008,100	88	6	11
Colorado	50,400	102,100	99,700	98	4	8
Connecticut	37,200	74,400	69,800	88	5	9
Delaware	6,600	15,500	15,400	132	3	8
Dist. of Columbia	9,200	15,200	12,600	37	9	12
Florida	169,700	406,100	362,500	114	4	10
Georgia	128,800	260,300	230,000	79	5	9
Hawaii	7,400	26,300	19,500	162	3	7
Idaho	11,800	32,900	33,900	187	3	8
Illinois	181,300	341,600	297,400	64	6	10
Indiana	74,400	169,900	151,800	104	5	10
Iowa	27,700	40,700	41,600	50	4	6
Kansas	29,300	53,700	38,100	30	4	5
Kentucky	57,300	95,000	109,600	91	6	12
Louisiana	48,600	77,600	70,600	45	5	7
Maine	13,800	19,700	21,400	55	5	8
Maryland	42,700	110,100	119,500	180	3	9
Massachusetts	75,400	111,000	109,500	45	5	8
Michigan	165,300	244,500	209,100	27	7	9
Minnesota	63,100	99,500	81,300	29	5	6
Mississippi	47,100	85,900	81,000	72	7	11
Missouri	82,100	121,100	89,200	9	6	7
Montana	9,400	16,200	17,000	81	4	8
Nebraska	16,200	27,300	22,900	41	4	5
Nevada	31,300	92,200	80,500	157	5	12
New Hampshire	10,500	15,100	14,100	35	4	5
New Jersey	86,500	194,300	182,000	110	4	9
New Mexico	18,900	44,600	27,400	45	4	6
New York	190,100	392,500	374,800	97	4	9
North Carolina	91,300	237,200	214,200	135	4	10
North Dakota	5,300	5,200	5,400	2	4	4
Ohio	168,300	259,600	237,100	41	6	9
Oklahoma	39,100	59,200	44,000	13	5	5
Oregon	45,300	85,400	75,100	66	5	9
Pennsylvania	108,000	196,600	226,100	109	4	9
Rhode Island	14,100	31,400	27,100	91	6	13
South Carolina	57,100	97,300	91,700	61	6	9
South Dakota	7,700	9,200	10,800	41	4	6
Tennessee	74,300	149,200	139,100	87	5	10
Texas	295,100	577,100	505,500	71	5	8
Utah	19,700	56,300	41,400	110	2	5
Vermont	5,000	7,100	5,200	3	4	4
Virginia	52,900	130,100	101,400	92	3	6
Washington	77,700	173,600	149,200	92	5	10
West Virginia	19,600	28,700	33,400	71	5	9
Wisconsin	64,100	106,600	107,600	68	5	8
Wyoming	2,900	7,200	5,400	83	2	4
U.S. Total	3,536,40	6,984,900	6,303,600	78	5	9

Source: Urban Institute tabulations of Current Population Survey data, January–December 2007 and 2011, January–September 2012. Counts are average monthly counts.



Table 1B. Children with Parents Unemployed for Six Months or More, Before and After the Recession

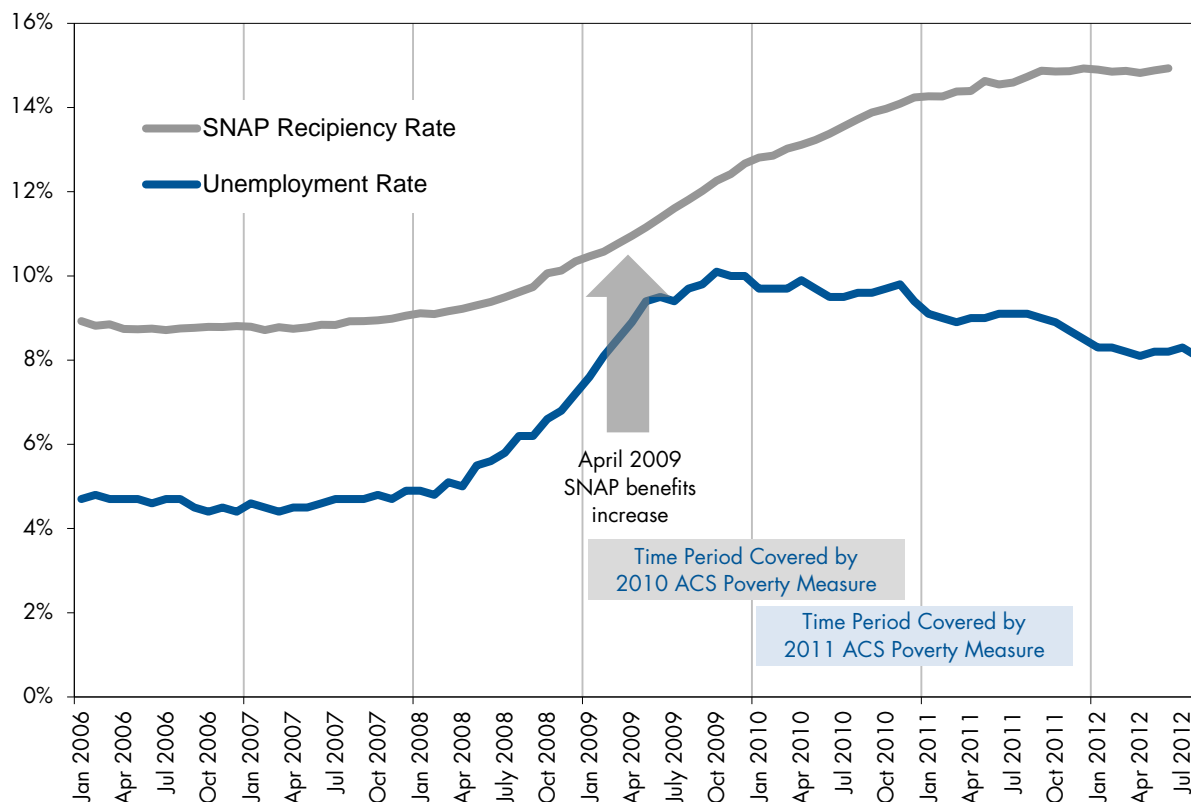
State	Number			% Growth	Percent	
	2007	2011	2012	2007-2012	2007	2012
Alabama	6,800	55,700	54,500	701%	0.6%	5%
Alaska	600	2,800	4,600	653	0.3	3
Arizona	16,600	75,800	40,200	142	1.0	3
Arkansas	4,900	20,500	19,700	298	0.7	3
California	127,700	580,500	499,100	291	1.4	6
Colorado	12,300	44,900	40,700	230	1.1	3
Connecticut	11,900	35,400	35,200	197	1.5	4
Delaware	1,000	7,600	7,300	633	0.5	4
Dist. of Columbia	2,600	7,700	7,900	202	2.5	8
Florida	30,100	234,200	191,800	538	0.8	5
Georgia	33,200	130,900	113,800	243	1.4	5
Hawaii	900	12,600	7,100	707	0.3	2
Idaho	2,200	12,600	15,000	581	0.5	4
Illinois	48,700	189,800	152,600	214	1.6	5
Indiana	11,600	91,500	55,700	381	0.7	4
Iowa	4,400	11,800	10,000	127	0.6	1
Kansas	4,300	27,700	14,400	237	0.6	2
Kentucky	11,800	33,500	50,200	324	1.2	5
Louisiana	8,100	19,000	19,600	142	0.8	2
Maine	2,500	8,600	8,200	234	0.9	3
Maryland	12,600	49,900	52,700	320	1.0	4
Massachusetts	21,600	58,800	40,600	87	1.5	3
Michigan	43,000	124,900	98,900	130	1.8	4
Minnesota	13,100	43,900	27,400	109	1.1	2
Mississippi	16,400	32,300	34,400	110	2.3	5
Missouri	20,000	53,900	29,100	46	1.5	2
Montana	1,300	5,100	6,000	369	0.6	3
Nebraska	2,600	8,200	8,400	218	0.6	2
Nevada	5,500	50,000	38,300	590	0.9	6
New Hampshire	1,500	6,000	4,000	157	0.5	1
New Jersey	16,100	114,700	99,800	520	0.8	5
New Mexico	2,500	27,200	12,700	416	0.5	3
New York	41,500	201,400	191,000	360	1.0	5
North Carolina	23,000	118,100	118,900	418	1.1	5
North Dakota	400	1,000	1,200	204	0.3	1
Ohio	29,400	112,900	93,100	217	1.1	4
Oklahoma	5,100	21,400	14,400	183	0.6	2
Oregon	5,500	28,800	25,000	352	0.7	3
Pennsylvania	22,200	80,700	100,100	351	0.8	4
Rhode Island	2,600	14,400	13,300	416	1.1	6
South Carolina	13,900	43,600	44,700	223	1.4	4
South Dakota	2,200	1,300	1,600	-27	1.2	1
Tennessee	11,800	68,700	58,800	397	0.9	4
Texas	56,800	230,000	207,300	265	0.9	3
Utah	3,500	14,400	11,500	224	0.4	1
Vermont	900	2,500	1,300	44	0.7	1
Virginia	5,800	59,500	41,200	613	0.3	2
Washington	12,900	70,900	68,300	429	0.9	4
West Virginia	2,900	12,100	10,900	277	0.8	3
Wisconsin	14,700	49,500	45,600	209	1.2	4
Wyoming	200	1,800	700	201	0.2	1
U.S. Total	753,600	3,311,000	2,848,600	278	1.1	4

Source: Urban Institute tabulations of Current Population Survey data, January–December 2007 and 2011, January–September 2012. Counts are average monthly counts.



The percentage of Americans receiving SNAP benefits rose rapidly in the second half of 2008, a few months after unemployment rates started rising. While unemployment rates peaked in late 2009, the economy is still weak; the SNAP reciprocity rate has continued rising, though at a slower pace each year (see Figure 1).

Figure 1. SNAP Caseloads and Unemployment Rates, 2006–2012



Note: Unemployment data are seasonally adjusted, and SNAP data have been adjusted to remove disaster relief assistance.

Sources: U.S. Bureau of Labor Statistics and SNAP National Data Bank Version 8.2 Public Use.

SNAP caseloads are used as an indicator of economic well-being among children because almost half (47 percent) of all SNAP participants are children, and another quarter (27 percent) are adults living in households with children.⁴ Roughly 8.8 million more children were receiving SNAP benefits in the spring of 2012 than five years earlier, bringing the total number of child recipients to 21.6 million or more than one in four American children.

In one sense, the rise in SNAP benefits can be viewed positively, as a sign that the safety net is working: families suffering economic decline as a result of the recession are receiving assistance so their children do not go hungry. On the other hand, the rise in SNAP caseloads signals the rising needs of families, particularly families with children. Helping parents meet the needs of the children in these families may require more than a monthly nutrition assistance benefit averaging \$134 per person.



All 51 states have seen dramatic growth in SNAP caseloads between 2007 and 2012. The highest growth has been in 11 states that saw their caseloads more than double, including Florida, Idaho and Nevada, the states with the most rapidly rising caseloads (see Table 2). While much of this growth occurred in the early years of the recession, SNAP caseloads have continued to grow, rising by 4 percent nationally between 2011 and 2012. (Monthly caseloads in Table 2 are averaged over the first half of the year, to allow consistent comparisons to available data for 2012.)

Some parts of the country draw more heavily on the federally-funded SNAP program than others, even though families across the country face uniform national eligibility guidelines. Recipiency rates range from 6 percent in Wyoming to 22 percent in the District of Columbia in 2012, as shown in the last column of Table 2. The nation's capital is not the only jurisdiction where one in five people are receiving SNAP benefits; one-fifth of the state population is also receiving SNAP benefits in Mississippi, New Mexico, Oregon and Tennessee.

While increased economic need is the primary driving factor behind increases in SNAP caseloads and variation across states, shifts in policy and administrative practices also affect caseloads. Indeed, a number of policy and administrative changes in recent years have improved program access for needy families, including greater use of online applications, the adoption by many states of broad-based categorical eligibility rules, and an increase in maximum benefits in April 2009. As explained in the technical appendix to this brief, the combination of eligibility expansions and increased take-up rates among eligible families increased participant caseloads by about 7 percent between 2007 and 2009. While substantial, this growth represents less than a third of the total (26 percent) growth in caseloads over those same two years. Most of the dramatic caseload growth from 2007 to 2012, therefore, represents deteriorating economic conditions and increased economic hardship among children. Administrative practices, however, may explain trends in particular states.

CHILD POVERTY RATES PREDICTED TO REMAIN HIGH THROUGH 2012

Child poverty is perhaps the most direct measure of children's economic well-being. Detailed data from the American Community Survey suggest that child poverty has risen steadily in the past four years, from a national average of 18.0 percent to 22.5 percent between 2007 and 2011. This rise in child poverty is similar to patterns in previous times of high unemployment, as shown in the longer-running series of national child poverty statistics from the Current Population Survey (see Figure 2). While the two data sources yield slightly different child poverty rates (for reasons discussed further in the technical appendix), both datasets indicate that approximately 22 percent of children, or more than 16 million children, were poor in 2011. This is over 3 million more children than in 2007, before the recession began.

There are indications that child poverty may be leveling off. The state-by-state predictions presented in this brief suggest that the national child poverty rate will be 22.4 percent in 2012, essentially the same as the 22.5 percent rate in 2011. The CPS data also show a leveling off in rates, already beginning in 2011. Even so, child poverty rates are considerably higher than before the recession; they also are high relative to poverty in other rich countries.



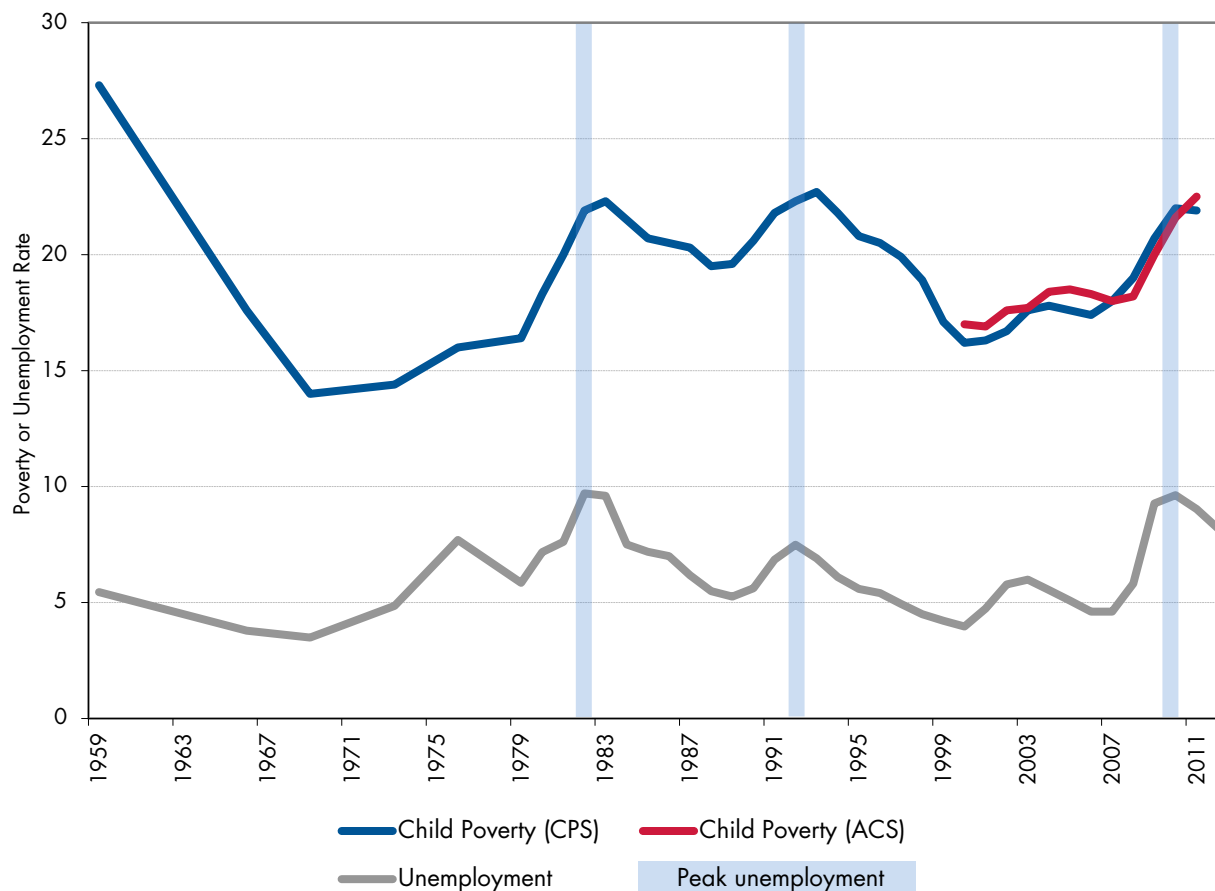
Table 2. Supplemental Nutrition Assistance Program (SNAP) Recipients, Before and After the Recession

State	Recipients (Average Monthly Jan-June, thousands)			% Growth	Reciency Rates	
	2007	2011	2012	2007-2012	2007	2012
Alabama	541	871	907	68%	12%	19%
Alaska	59	89	94	61	9	13
Arizona	538	1,050	1,118	108	9	17
Arkansas	379	483	500	32	13	17
California	2,054	3,673	3,959	93	6	10
Colorado	252	454	493	96	5	9
Connecticut	211	378	402	91	6	11
Delaware	67	134	148	122	8	16
Dist. of Columbia	85	134	140	65	15	22
Florida	1,212	3,072	3,348	176	7	17
Georgia	943	1,769	1,908	102	10	19
Hawaii	89	160	177	99	7	13
Idaho	88	231	235	168	6	15
Illinois	1,242	1,806	1,842	48	10	14
Indiana	586	876	906	55	9	14
Iowa	239	375	408	71	8	13
Kansas	181	299	303	67	7	11
Kentucky	600	822	846	41	14	19
Louisiana	646	879	892	38	15	19
Maine	164	249	254	55	12	19
Maryland	313	666	712	127	6	12
Massachusetts	454	811	861	90	7	13
Michigan	1,206	1,935	1,824	51	12	18
Minnesota	277	512	539	95	5	10
Mississippi	421	617	653	55	14	22
Missouri	667	945	948	42	11	16
Montana	80	125	127	58	8	13
Nebraska	121	175	177	46	7	10
Nevada	121	332	355	193	5	13
New Hampshire	59	114	117	97	5	9
New Jersey	412	749	815	98	5	9
New Mexico	232	416	438	89	12	21
New York	1,804	3,006	3,074	70	9	16
North Carolina	875	1,571	1,658	90	10	17
North Dakota	46	61	59	29	7	8
Ohio	1,072	1,799	1,820	70	9	16
Oklahoma	418	610	611	46	11	16
Oregon	440	774	818	86	12	21
Pennsylvania	1,145	1,718	1,808	58	9	14
Rhode Island	76	161	173	128	7	16
South Carolina	540	841	869	61	12	18
South Dakota	61	102	104	72	8	12
Tennessee	860	1,273	1,321	54	14	20
Texas	2,397	3,938	3,992	67	10	15
Utah	124	288	283	127	5	10
Vermont	50	93	96	93	8	15
Virginia	513	855	914	78	7	11
Washington	540	1,057	1,109	106	8	16
West Virginia	269	345	343	28	15	18
Wisconsin	383	804	834	118	7	15
Wyoming	23	37	34	52	4	6
U.S. Total	26,172	44,531	46,368	77	9	15

Source: National Data Bank, adjusted by authors to remove disasters. Guan and Virgin Islands are excluded from the U.S. totals.



Figure 2. Child Poverty Rates (by Data Source) and Unemployment Rates, 1959–2011



Sources: U.S. Census Bureau and Bureau of Labor Statistics.

Such a high rate of child poverty—more than one in five children—is troubling. In addition to humanitarian concerns about the immediate well-being of children, there is disturbing evidence that poverty has negative effects on children’s development, with some effects persisting into adulthood.⁵ There are several ways in which poverty may influence child development. With less family income, children in poor families may lack in the resources needed for healthy development, such as having less access to nutritious meals and enriched home environments. Poor children also may suffer from the negative effects of living in neighborhoods with more crime and air and noise pollution.⁶ Poverty also can affect the psychological well-being of parents, contributing to depression and other forms of psychological stress that can negatively impact their interactions with children. Even when parental stress does not manifest itself in observed changes in parental mental health, it can contribute to a harsh and less supportive parenting style.⁷ While social scientists are still exploring which influence is most important in explaining why poverty is so bad for children, there is general consensus that the lingering negative effects of poverty are strongest when poverty is experienced during early childhood, when poverty lasts for several years of childhood, or both.



Supplemental Poverty Measure

This paper follows official poverty measures and bases poverty on a family's cash income, without making adjustments for tax credits, non-cash benefits, medical expenses, work expenses, or geographic differences in the cost of living, as is increasingly being done in poverty research. It would also be useful to look at child poverty under alternative measures, such as the new Supplemental Poverty Measure, or SPM. However, the new SPM has only been calculated for three years, 2009, 2010 and 2011, with state-by-state rates only available as a single rate, averaged across all three years. So, while it can be used to track changes in national poverty rates over three years, it cannot yet be used to track child poverty over the entire recession. As the SPM is developed further, it may present a somewhat different view of child poverty than that seen in the official child poverty statistic. For example, in work Julia Isaacs has done in Wisconsin, the rise in SNAP and EITC benefits in that state was sufficient to counteract the loss in family earnings over the 2008–2010 period, such that child poverty, while increasing under official measures, did not increase under a more comprehensive measure that took into account non-cash benefits. In addition, many cross-state differences presented here would look different under the SPM, which adjusts for geographic differences in costs of living.

For more information, see Kathleen Short, *The Research Supplemental Poverty Measure: 2011*, Current Population Report P60-244 (Washington, DC: Census Bureau, 2012); and Yiyoon Chung, Julia B. Isaacs, Timothy M. Smeeding, and Katherine A. Thornton, *Wisconsin Poverty Report: How the Safety Net Protected Families from Poverty in 2010* (Madison, WI: Institute for Research on Poverty, 2012).

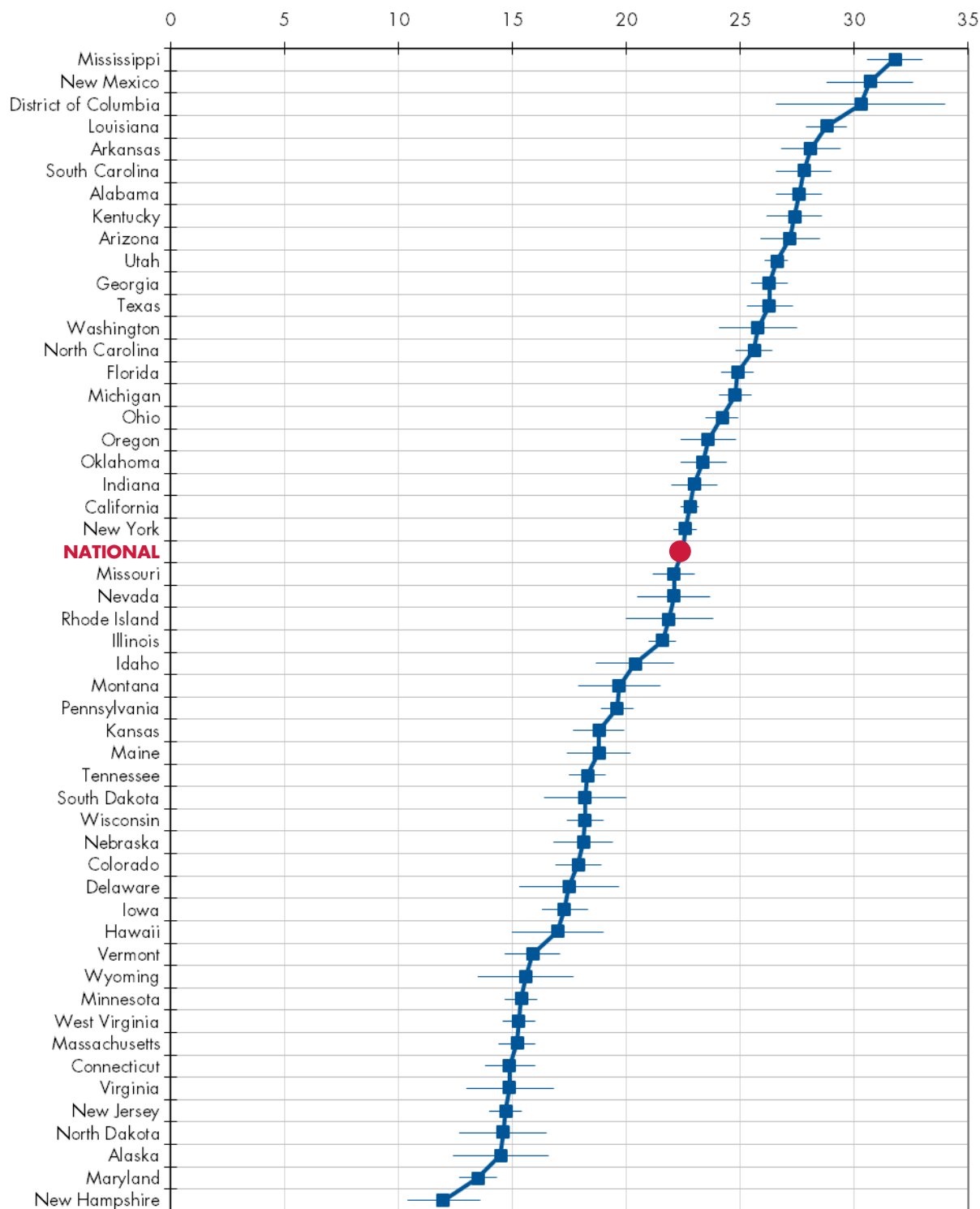
Child poverty rates vary dramatically across the states, ranging from 12.0 percent in New Hampshire to 31.8 percent in Mississippi in 2011 (see Figure 3). That is, nearly three in ten children in Mississippi, compared to about one in ten children in New Hampshire, lived in families with annual cash incomes below the national poverty thresholds (\$18,000 for a family of three in 2011). Three states had child poverty rates of 30 percent or higher: the District of Columbia, Mississippi and New Mexico, the same three states as in 2010.

Before the recession, states with high child poverty rates were generally clustered in the southern and southwestern regions of the country (see Map 1). The 14 states with poverty rates of 20 percent or higher in the pre-recessionary period were Alabama, Arizona, Arkansas, the District of Columbia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas and West Virginia. (Poverty before the recession is measured as the average child poverty rate over 2000–2007.)

By 2011, the number of high-poverty states had grown to 27, including the original 14 plus a geographically diverse 13 additional states: California, Florida, Georgia, Idaho, Illinois, Indiana, Michigan, Missouri, Nevada, New York, Ohio, Oregon and Rhode Island. The remaining states have poverty rates between 15 and 20 percent (17 states) or between 12 and 15 percent (7 states).



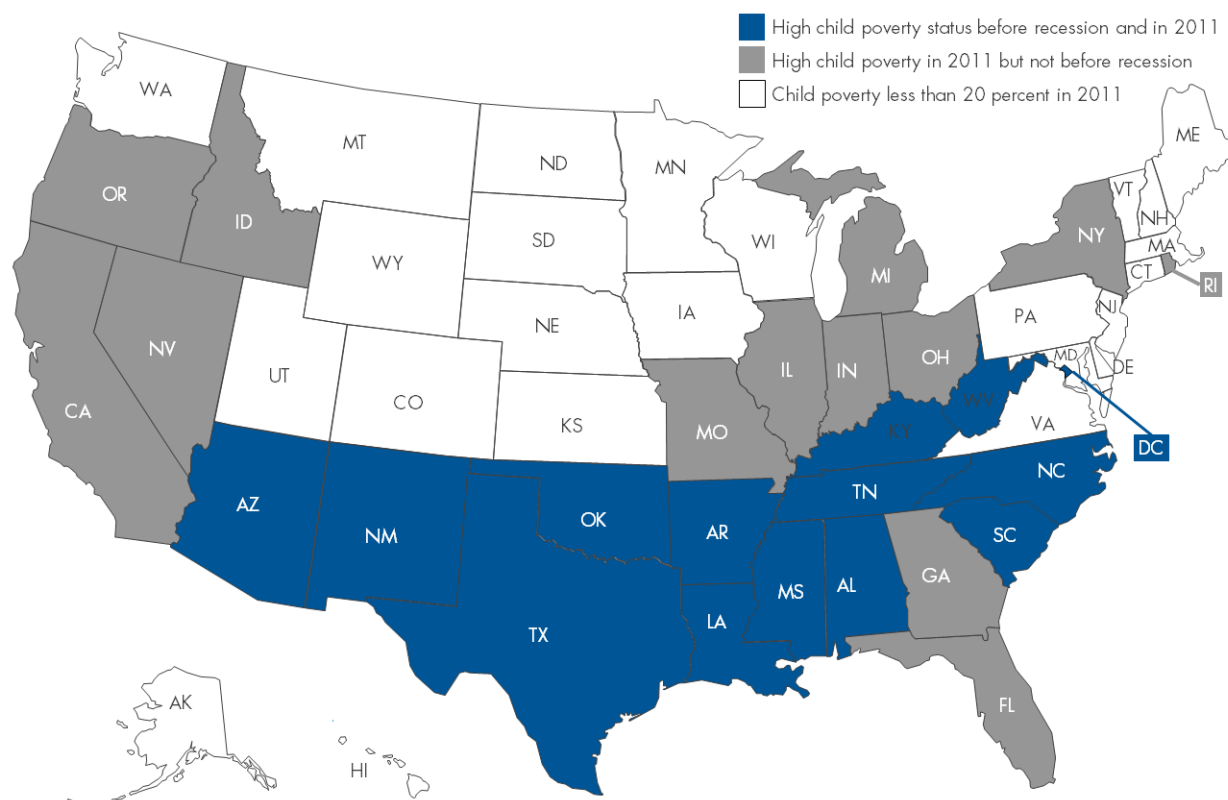
Figure 3. Child Poverty Rates in 2011: Point Estimates and 90 Percent Confidence Intervals



Source: U.S. Census Bureau, 2011 American Community Survey, Table GCT1704. Confidence intervals are shown at the 90 percent confidence level.



Figure 4: Child Poverty Is More Widespread After the Recession



Note: High child poverty status is defined as having a child poverty rate of 20 percent or higher. Poverty before the recession is measured over the 2000–2007 period.

Most states (45) had markedly higher poverty rates in 2011 than during the pre-recessionary period, with the size of the growth shown in the second to last column of Table 3. The highest increases were in Arizona, Florida, Georgia, Indiana, Michigan, Nevada, Ohio and South Carolina where child poverty was more than 6 percentage points higher in 2011 than average levels before the recession. Five states had 2011 poverty rates that were essentially the same as before the recession (with an increase or decrease within the margin of error for the estimate).

Although the American Community Survey has a large sample of households in every state and is the best available source of data on child poverty at the state level, child poverty estimates have a margin of error between 0.4 and 1.5 percentage points for two-thirds of states (36), with an even larger margin of error for less populated states (between 1.6 and 2.6 percentage points for 14 smaller states, and 3.7 percentage points for the District of Columbia). This lack of precision means that smaller states can see changes in reported poverty rates of as much as 2 percentage points without being counted as states with real changes in the underlying poverty rate.



Table 3. Child Poverty Rates Before and After the Recession

State	Child Poverty Rates (in percent)				Growth in Poverty	
	2000–2007	2011		2012	2000–2007	2011 to 2012
		With margin of error		Predicted	to 2011	
Alabama	23%	28%	+/- 1%	28%	4%	*
Alaska	12	15	+/- 2	14	2	*
Arizona	21	27	+/- 1	26	7	*
Arkansas	24	28	+/- 1	28	4	*
California	19	23	+/- 0	23	4	*
Colorado	14	18	+/- 1	18	4	*
Connecticut	11	15	+/- 1	15	4	*
Delaware	14	18	+/- 2	19	4	*
District of Columbia	31	30	+/- 4	33	*	*
Florida	18	25	+/- 1	25	7	*
Georgia	19	26	+/- 1	26	7	*
Hawaii	13	17	+/- 2	16	4	*
Idaho	16	20	+/- 2	21	4	*
Illinois	16	22	+/- 1	21	5	-1
Indiana	15	23	+/- 1	21	8	-2
Iowa	13	17	+/- 1	17	4	*
Kansas	14	19	+/- 1	18	5	*
Kentucky	22	27	+/- 1	27	5	*
Louisiana	28	29	+/- 1	30	*	*
Maine	15	19	+/- 1	20	4	*
Maryland	11	14	+/- 1	14	3	*
Massachusetts	13	15	+/- 1	16	3	*
Michigan	17	25	+/- 1	23	8	-2
Minnesota	11	15	+/- 1	15	5	-1
Mississippi	29	32	+/- 1	34	3	2
Missouri	17	22	+/- 1	21	5	*
Montana	19	20	+/- 2	22	*	2
Nebraska	13	18	+/- 1	17	5	-2
Nevada	15	22	+/- 2	23	7	*
New Hampshire	8	12	+/- 2	12	4	*
New Jersey	11	15	+/- 1	16	3	1
New Mexico	26	31	+/- 2	30	5	*
New York	20	23	+/- 1	23	3	1
North Carolina	20	26	+/- 1	26	6	*
North Dakota	14	15	+/- 2	15	*	*
Ohio	18	24	+/- 1	23	7	-1
Oklahoma	22	23	+/- 1	24	2	*
Oregon	18	24	+/- 1	23	6	*
Pennsylvania	16	20	+/- 1	20	4	*
Rhode Island	17	22	+/- 2	23	5	*
South Carolina	21	28	+/- 1	27	7	-1
South Dakota	15	18	+/- 2	19	3	*
Tennessee	21	26	+/- 1	26	5	*
Texas	23	27	+/- 1	26	4	*
Utah	12	16	+/- 1	15	4	*
Vermont	13	15	+/- 2	16	2	*
Virginia	13	15	+/- 1	16	3	*
Washington	15	18	+/- 1	19	3	*
West Virginia	25	26	+/- 2	27	*	*
Wisconsin	14	18	+/- 1	18	4	*
Wyoming	13	16	+/- 2	15	3	*
U.S. Total	18	23	+/- 0	22	5	*

Source: U.S. Census Bureau, 2011 American Community Survey, Table 1704, and earlier years of ACS. The margin of error is shown at the 90 percent confidence interval. * The change is less than the margin of error.



Child poverty rates are predicted to level off in 2012, according to a model that predicts child poverty on the basis of current and lagged unemployment rates, current SNAP reciprocity rates and lagged child poverty rates. Under this model (which is described in the technical appendix), only 11 states are predicted to have a change in poverty in excess of the margin of error around the 2011 estimates.

These 11 states include four with increases (Mississippi, Montana, New Jersey and New York), and seven with decreases (Illinois, Indiana, Michigan, Minnesota, Nebraska, Ohio and South Carolina). For four-fifths of states (40), the change in child poverty between 2011 and 2012 is not large enough to exceed the margin of error surrounding the estimates. The national average poverty rate also is expected to remain essentially unchanged, at 22.4 percent. Rounded numbers are shown for the state-by-state predictions for 2012 to emphasize the lack of precision.

All states marked as “high child poverty status” in Map 1 are expected to retain that dubious distinction in 2012. Montana, which had a poverty rate of 19.7 percent in 2011 and over 20 percent in 2009 and 2010, is projected to join their ranks, resulting in a projected total of 28 states with child poverty rates of 20 percent or higher in 2012, or twice the number of high-poverty states as before the recession.

CONCLUSION

Millions of children and families are still much worse off than they were in 2007, before the recession began. More children live in families with a parent out of work, families that turn to SNAP benefits to help pay their grocery bills, and/or families with cash income less than the poverty threshold (\$18,000 in 2011 for a family of three). There has been a nearly four-fold increase in the number of children with long-term unemployed parents and a 77 percent increase in SNAP caseloads over the past five years.

The overall picture has not changed greatly between 2011 and 2012: there has been a modest decline in the number of children with an unemployed parent, a modest increase in SNAP caseloads, and little predicted change in high child poverty rates. The economy has begun its slow recovery, but hard economic times are not over for millions of children and families. As policymakers debate government spending, it is important to recognize that many families with children are still struggling after the recession and are in greater need of the social safety net than in normal economic times.



TECHNICAL APPENDIX

This technical appendix provides data sources and other methodological information about each of the three indicators of child well-being. It also describes the model used to predict child poverty. For additional information, contact Julia Isaacs at jisaacs@urban.org.

Data Sources and Notes on Unemployment, Nutrition Assistance and Child Poverty Indicators

Unemployment. The counts and percentages of children with unemployed parents and with parents unemployed for six months or longer in Table 1 are based on Urban Institute tabulations of monthly Current Population Survey data over the calendar year, except for 2012, which uses most recent January–September data.

The counts of children with unemployed parents include children living with one or two unemployed parents. They do not include children living with parents who are working part-time yet desire full-time work, nor children living with “discouraged workers” who have dropped out of the labor force. Children living away from their parents and with unemployed grandparents or other relatives are not included in these numbers. Nor do they capture children who receive reduced child support payments due to the unemployment of an absent parent.

Nutrition Assistance. SNAP caseloads are based on caseload data from the Food and Nutrition Service (National Data Bank Version 8.2 Public Use, as of 9/11/12, personal communication, Jenny Genser, 9/19/12), adjusted to remove temporary spikes that occur during hurricanes, floods and other disasters (Memorandum on SNAP Disaster Adjustments, dated 9/21/2012 from Esa Eslami, Mathematica Policy Research, to Jenny Genser, Food and Nutrition Service). SNAP caseloads in Guam and the Virgin Islands are not included in the national totals. Only the first half of the year is used, in order to have a consistent measure for 2012 and earlier years.

SNAP reciprocity rates are based on these SNAP caseloads for January–June, divided by Census Bureau estimates of state populations as of July 1 (U.S. Census Bureau, December 2011. “Table 1. Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2011” (NST-EST2011-01)). State populations for July 1, 2012, were estimated by the authors assuming a continuation between 2011 and 2012 of states’ observed growth rates between 2010 and 2011.

The main challenge in using SNAP participant data to track economic need is that caseloads can increase or decrease due to changes in federal laws and states’ administrative practices. For example, increased use of online applications can make it easier for eligible families to apply and thus increase the participation rate among eligible households. In addition, states are increasingly using broad-based categorical eligibility policies, which exempt households from asset limits and, in some states, also raise income eligibility tests. Even though 41 states have adopted this practice, it has a limited impact on caseloads (increasing them by less than 5 percent) because, under SNAP rules, benefit amounts are reduced as income rises, resulting in a benefit amount of zero for most participants at higher income levels.⁸



The temporary increase in maximum benefit amounts under the American Recovery and Reinvestment Act (ARRA) of 2009 also may have indirectly affected caseloads. Congress responded to the Great Recession by increasing the maximum SNAP benefits by 13.6 percent, resulting in an increase in average nutrition benefits from \$252 per household in March 2009 to \$295 per household in April 2009.⁹ While this increase in benefits does not directly expand eligibility, it could motivate some eligible people who had not previously applied for benefits to submit an application, raising the participation rate among eligible individuals. While there was no noticeable jump in recipient counts in April 2009 (see Figure 1), the higher benefit may have contributed to the upward trend in caseloads since that period. Unfortunately, participation rate data are not yet available for 2010 or 2011. However, examining data for earlier years provides a rough sense of how changes in participation rates can affect caseloads.

Between 2002 and 2006, participation rates increased substantially, from 54 to 69 percent, which is equivalent to a 22 percent growth in caseloads, or 5 percent annual growth, as a result of increased take-up among eligible individuals and families. Analysts generally attribute this increase to changes in states' administrative practices, such as greater outreach, streamlined application processes, and simplified program rules and reporting in an effort to encourage more eligible individuals to sign up for benefits. The participation rates grew more slowly, from 68.5 percent to 72.2 percent between 2007 and 2009, contributing to a 5 percent (2.5 percent annual) growth in caseload over these two years.¹⁰

In sum, available data confirm that the weak economy, rather than policy and administrative changes, have driven SNAP caseload growth during the recession. Specifically, between 2007 and 2009, there was a 26 percent growth in caseloads. As noted above, the authors estimate that change in take-up rates increased caseloads by 5 percent over these two years, and that about 2 percent of the 2009 caseload failed to meet traditional income limits and so came on due to broad-based categorical eligibility.¹¹ In total, therefore, administrative and policy changes may have contributed to about a 7 percent increase in caseloads between 2007 and 2009, or less than one-third of the total caseload growth. More than two-thirds of the caseload growth was a result of more families qualifying for SNAP because of low family income during the economic downturn. In other words, SNAP caseloads remain a good barometer of economic conditions, particularly conditions for individuals at the low end of the income distribution. This is undoubtedly true at the national level; administrative practices, however, may explain trends in particular states.

Child Poverty. The child poverty rates in Table 3 are from American Community Survey data, generated through the Census Bureau's online tabulator. As noted in the table and discussed in the text, there are significant margins of error around these estimates. The margins of error would be even larger if the estimates had been based on the Annual Social and Economic Supplement to the Current Population Survey (CPS); the CPS surveys 70,000 rather than close to 3 million households. The Census Bureau recommends using the CPS for national poverty estimates and the ACS for state-level poverty estimates.

As noted in the report, the ACS and the CPS show slightly different poverty rates: the ACS has child poverty rising from 18.0 percent in 2008 to 21.6 percent in 2010 and 22.5 percent in 2011, while the CPS has child poverty rising from 18.0 percent in 2008 to 22.0 percent in 2010 and 21.9 percent in 2011. Numerous small differences between the ACS and the CPS may contribute to this difference. For example, the ACS collects more detailed information about different sources of income than the CPS. In addition, there is a difference in time period. The 2011 income data in the CPS were



collected in March 2012, with families asked to report on calendar-year income during 2011. The 2011 ACS data are collected during calendar-year 2011, with families asked about income over the previous 12 months. The result is that the “2011 ACS” reflects economic conditions over a 23-month period that roughly spans 2010 and 2011.¹² Thus the “2010” data are based on conditions in 2009 and 2010, and the “2011 predictions” are more precisely for the 2010–11 period.

Model for Predicting Child Poverty

The dependent variable in the child poverty prediction model is state child poverty from 2001 to 2011 from the ACS. The model has four independent variables: unemployment rates, lagged unemployment rates, the percentage of the population receiving Supplemental Nutrition Assistance Program (SNAP) benefits and lagged child poverty. There are eleven observations for each state (2001–11), resulting in a pooled time-series dataset with 561 observations (51 states observed 11 times).

Unemployment rates are measured as calendar-year averages for 2001–11, using data drawn from the Bureau of Labor Statistics Local Area Unemployment (LAU) database, seasonally adjusted. Lagged unemployment rates are unemployment rates, lagged one year. For prediction purposes, unemployment averaged over January to September 2012 was used as a proxy for unemployment for the full calendar-year 2012, in every state. This assumption seems reasonable, though it may slightly overstate unemployment. The national unemployment rate for January to September 2012 has averaged 8.2 percent; thus, we are implicitly assuming that it will remain at 8.2 percent in October–December and for the year as a whole. While the most recent Congressional Budget Office projections (August 2012) also projects a rate of 8.2 percent for October–December and for the calendar year, unemployment has dropped below 8 percent in both September and October. We did a sensitivity test, and our predictions of child poverty would be very similar, even if unemployment rates dropped to 7.8 percent (the September level) for the fourth quarter of 2012.

As noted above, SNAP reciprocity rates are defined as average monthly caseloads January–June, divided by population as of July 1. Lagged child poverty is simply the independent variable lagged one year. The earliest child poverty measure in the time series is from 2000, and thus 2001 is the first year with complete data including lagged child poverty. Note that the child poverty estimates from 2000 to 2004 used in the child poverty prediction model are actually from the precursor to ACS; the model assumes no significant change in child poverty estimates between the two versions of the survey.

The full prediction model is shown in Table A-1. The full model, shown in the second column, includes lagged unemployment rates. The first column shows an earlier version of the model, without lagged unemployment. We added lagged unemployment to the model this year because poverty rates tend to lag behind unemployment rates, and because the ACS survey on which the poverty rates are based asks respondents to consider income over a 12-month period that often includes many months in the prior year. Both models include state fixed effects to capture unobserved underlying differences across the states, which might include wage levels in the state, the proportion of female-headed families, the racial and ethnic composition, levels of public support for poor families, and other factors.



Under the model with lagged unemployment, which is used for the predictions, the child poverty rate goes up by 0.17 percentage points for each 1 percentage-point change in the unemployment rate and by 0.32 percentage points for each 1 percentage-point change in the previous year's unemployment rate. Child poverty also increases by 0.23 percentage points for each 1 percentage-point increase in the SNAP reciprocity rate and the lagged child poverty rate, even after controlling for unemployment and the underlying characteristics of the state.

Table A-1. Regression Estimates of the Effects of Economic Conditions on Child Poverty Rates, 2001–11

Dependent Variable: Poverty Rate among Persons under Age 18		
Variable	Model A	Model B
Unemployment Rate	0.30 [†]	0.17 [†]
Unemployment Rate in Previous Year	-	0.32 [†]
SNAP Reciprocity Rate (January–June)	0.31 [†]	0.23 [†]
Child Poverty in Previous Year	0.30 [†]	0.23 [†]
Constant	8.20 [†]	9.10 [†]
State Fixed Effects	Yes	Yes
Number of Observations	561	561

[†] Significant at 1 percent level

The model has performed fairly well over the past two years, although it did underestimate child poverty in both years. As shown in Table A-2, last year's model predicted child poverty would be 22.1 percent nationally, fairly close to the 22.5 percent reported in the 2011 ACS data. The model's predictions for 2010 were also good: 21.3 predicted vs. 21.6 percent actual. The state-by-state predictions were also fairly good, with the average error being 0.9 percentage points in both years, well within the margin of sampling error for the majority of states. Because some predictions were too high and some too low, the average bias across all 51 states was only -0.2 percentage points in both years (using simple average across the 51 jurisdictions, not weighted by population).

Table A-2. Comparison of Actual and Predicted Child Poverty Rates

National Child Poverty Rate	2010	2011	2012
Actual	21.6	22.5	?
Predicted	21.3	22.1	22.4
Error	-0.3	-0.4	?
State Child Poverty Rates	2010	2011	2012
Average Estimating Error (how far off in either direction, based on absolute values of errors)	0.9	0.9	?
Average Bias (allowing positives and negatives to offset each other, using simple average across states, not weighted by population)	-0.2	-0.2	?

Further confidence is provided in an analysis presented in the 2010 paper, in which nine different simulations were done, estimating how well the model would have predicted poverty in each year between 2001 and 2009, assuming the actual poverty rates for that year were unknown.¹³ At the state level, the predicted poverty rates were within 2.0 percentage points of the actual poverty rates 87



percent of the time and within 3.0 percentage points of the actual rates 97 percent of the time, with most of the larger discrepancies occurring in the District of Columbia and the smaller states. At the national level, the simulated child poverty rate was generally within 0.5 percentage points of the actual rate, with the exception of 2009, the first year of the recession, when the model overestimated child poverty by 0.7 percentage points. In contrast, the last two years, the model has been underestimating child poverty. We will not know whether the 22.4 percent predicted rate for 2012 is an overestimate or underestimate until the actual data become available in September 2013.

NOTES

¹ This brief is the third in a series of annual briefs on tracking children's economic well-being during the recession. See Julia Isaacs, *The Recession's Ongoing Impact on America's Children: Indicators of Children's Economic Well-Being through 2011* (Washington, DC: Brookings and First Focus, 2011); and Julia Isaacs, *Child Poverty during the Great Recession: Predicting State Child Poverty Rates for 2010* (Washington, DC: Brookings and First Focus, 2010).

² Vonnie C. McLoyd, "Socialization and Development in a Changing Economy: The Effects of Paternal Job and Income Loss on Children," *American Psychologist* 44, no. 2 (February 1989): 293–302; Vonnie C. McLoyd, Toby Epstein Jayartne, Rosario Ceballo, and Julio Borquez, "Unemployment and Work Interruption among African American Single Mothers: Effects on Parenting and Adolescent Socioemotional Functioning," *Child Development* 65, no. 2 (1994): 562–89; and Beth Molnar, Stephen Bruka, Robert Brennan, John Holton, and Felton Earls, "A Multilevel Study of Neighborhoods and Parent-to-Child Physical Aggression: Results from the Project on Human Development in Chicago Neighborhoods," *Child Maltreatment* 8, no. 2 (May 2003): 84–97.

³ Phillip Oreopoulos, Marianne Page, and Ann Huff Stevens, "The Intergenerational Effects of Worker Displacement," *Journal of Labor Economics* 26, no. 3 (2008); Ariel Kalil and Kathleen M. Ziol-Guest, "Parental Employment Circumstances and Children's Academic Achievement," *Social Science Research* 37, no. 2 (June 2008): 500–15; and Ann Huff Stevens and Jessamyn Schaller, "Short-Run Effects of Parental Job Loss on Children's Academic Achievement," paper 15480 (Cambridge, MA: NBER, 2009).

⁴ Esa Eslami, Kai Filian, and Mark Strayer, *Characteristics of Supplemental Nutrition Assistance Program Households: Fiscal Year 2010*, Table A-14 (Alexandria, VA: Food and Nutrition Service, U.S. Department of Agriculture, 2011). The percentage of children was lower in 2010 than in 2007 (47 vs. 49 percent). The 2012 caseload is assumed to be 47 percent children, the same as in 2010, when calculating the 8.8 million increase. Data were not available for 2011 at the time of this analysis.

⁵ Jeanne Brooks-Gunn and Greg J. Duncan, "The Effects of Poverty on Children," *The Future of Children* 7, no. 2 (1997): 55–71.

⁶ Gary W. Evans, "The Environment of Childhood Poverty," *American Psychologist* 59, no. 2 (2004): 77–92.

⁷ Vonnie C. McLoyd, "The Impact of Economic Hardship on Black Families and Children: Psychological Distress, Parenting, and Socioemotional Development," *Child Development* 61, no. 2 (1990): 311–46; and P. Lindsay Chase-Lansdale and Laura D. Pittman, "Welfare Reform and Parenting: Reasonable Expectations," *The Future of Children* 12, no. 1 (2002): 167–85.

⁸ The Congressional Budget Office estimated that requiring categorically eligible households to meet standard income and eligibility rules would reduce participation by 4.3 percent. See Congressional Budget Office, *The Supplemental Nutrition Assistance Program* (Washington, DC: Author, 2012). See also Gene Falk and Randy A. Aussenberg, *The Supplemental Nutrition Assistance Program: Categorical Eligibility* (Washington, DC: Congressional Research Service, 2012), available at <http://www.fas.org/sgp/crs/misc/R42054.pdf> (downloaded 11/6/2012).

⁹ Food and Nutrition Service, U.S. Department of Agriculture, Program Data, *Supplemental Nutrition Assistance Program, Monthly Data National Summary* (data as of November 2, 2009), available at <http://www.fns.usda.gov/pd/34SNAPmonthly.htm> (downloaded 11/11/09).

¹⁰ Authors' analysis of data provided in Joshua Leftin, Esa Eslami, and Mark Strayer, *Trends in SNAP Participation Rates: 2002 to 2009* (Alexandria, VA: Food and Nutrition Service, U.S. Department of Agriculture, 2010).

¹¹ The 2009 estimate of 2.1 percent is from Leftin et al., *Trends in SNAP Participation Rates*, appendix D, footnote 19, page 63. This estimate does not include household that are income eligible but have high assets that would have disqualified them but for the broad-based categorical eligibility. Also, CBO estimates the provision increases the number of participants by about 4 percent in 2013, as the number of states employing this practice has increased from 27 in 2009 to 41 currently.



¹² The 23-month period ranges from January 2009 to November 2010. Families interviewed in January 2010 report on income between January and December 2009, families interviewed in February report on income between February 2009 and January 2010, and so on, with families interviewed in December 2010 reporting on income between December 2009 and November 2010.

¹³ For example, to predict child poverty in 2005, the 2005 child poverty data were dropped, the model was run on data from 2001 to 2004 and 2006 to 2009, and then the resulting coefficients—combined with the dropped data on conditions in 2005—were used to predict child poverty in 2005, simulating an estimate of poverty in a year “outside” the data used to estimate the model.